

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
BROWARD DIVISION
www.flsb.uscourts.gov

In re
FISHERMAN'S PIER, INC.,
Debtors.

Case No.: 17-22819-BKC-RBR
Chapter 11 Proceeding

**DISCLOSURE STATEMENT IN SUPPORT OF FIRST AMENDED JOINT
PLAN OF REORGANIZATION OF TRUSTEE AND 50% EQUITY INTEREST
HOLDER, SPIRO MARCHELOS DATED MAY 1, 2018**

Spiro Marchelos, 50% stockholder and, pursuant to the Order Resolving Stock Ownership, president of the Debtor and Soneet Kapila, Chapter 11 Trustee (collectively, the "Plan Proponents") hereby file their Disclosure Statement in support of the First Amended Joint Plan of Reorganization.

Respectfully submitted,

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**DISCLOSURE STATEMENT IN SUPPORT OF
JOINT PLAN OF REORGANIZATION DATED MARCH 31, 2018**

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Exhibits to Disclosure Statement

Exhibit “1”	First Amended Joint Plan of Reorganization with attached By-Laws of Reorganized Debtor.
Exhibit “2”	Schedules A and B
Exhibit “3”	Claims Report
Exhibit “4”	Historical Financials
Exhibit “5”	Current and Projected Cash Flow

SECTION I
INTRODUCTION AND SUMMARY

A. Overview of the Disclosure Statement

1. Introduction

The Plan Proponents are proposing, and have filed, their First Amended Joint Plan of Reorganization (the “Plan”) with the United States Bankruptcy Court for the Southern District of Florida (the “Bankruptcy Court”). A copy of the Plan together with proposed By Laws of the Reorganized Debtor is annexed as **Exhibit “1”** to this Disclosure Statement and the defined terms in this Disclosure Statement are the same as those in the Plan. The Plan Proponents hereby submit this Disclosure Statement in support of the Plan (the “Disclosure Statement”) pursuant to section 1125 of the United States Bankruptcy Code (the “Bankruptcy Code”) in connection with solicitation of acceptances of the Plan from holders of Claims against the Debtor.

2. Purpose of the Disclosure Statement

The Disclosure Statement describes:

- The Debtor and significant events during the Debtor’s Chapter 11 Bankruptcy Case;
- How the Plan proposes to treat Claims or Equity Interests of the type you hold (*i.e.*, what you will receive on your Claim or Equity Interest if the Plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court will consider when deciding whether to confirm the Plan;
- Why the Plan Proponents believe the Plan is feasible, and how the treatment of your Claim or Equity Interest under the Plan compares to what you would receive on your Claim or Equity Interest in liquidation; and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

The information contained in the Disclosure Statement is based upon certain of the Debtor’s records, court papers filed in the Bankruptcy Court, and the opinions and conclusions of the Plan Proponents. The information has not been subject to a certified audit. The Plan Proponents have made an effort to include complete and accurate information in this Disclosure Statement; however, the Plan Proponents are unable to warrant or represent that this information is without any inaccuracy.

Capitalized terms used in this Disclosure Statement and not defined herein have the meanings assigned to them in the Plan (*see* Plan, Article IX, “General Provisions” “9.01 –

Definitions and Rules of Construction”). A reference in this Disclosure Statement to an “Article” refers to an Article of the Plan.

B. Overview of the Plan

Following are the Claims classified in the Plan:

- Class 1: Allowed and Priority Claims
- Class 2: Secured Claim of Bank of Ozarks
- Class 3: General Unsecured Trade Creditors
- Class 4: General Unsecured Creditors, Everett Sorensen (“Sorensen”) and Amilcar J. Adao (“Adao”)
- Class 5: General Unsecured Claim of Zaida Cohen on account of the Addendum
- Class 6A: General Unsecured Claim of Zaida Cohen on account of the Zaida/Gerald/Stephen Cohen Note
- Class 6B: General Unsecured Claim of Stephen Cohen on account of the Zaida/Gerald/Stephen Cohen Note
- Class 7: Equity Interest Holders of the Debtor

For a more complete discussion of the Plan and the mechanics for Distributions thereunder, see Articles III, IV and V of the Plan.

C. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Bankruptcy Court has not yet confirmed the Plan described in this Disclosure Statement. This section of the Disclosure Statement describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Time and Place of the Hearings to Approve This Disclosure Statement and Confirm the Plan

The hearing at which the Court will determine whether to approve this Disclosure Statement (the “Disclosure Statement Hearing”) will take place on _____, 2018, at ____:____ a.m./p.m. in Courtroom 308 at the United States Bankruptcy Court, 299 E. Broward Boulevard, Fort Lauderdale, Florida 33301. At the Disclosure Statement Hearing, in accordance with section 1125 of the Bankruptcy Code, the Bankruptcy Court will consider whether the Disclosure Statement contains “adequate information” of a kind and in sufficient detail to enable a hypothetical reasonable creditor typical of the Debtors’ Creditors to make an informed judgment whether to accept or reject the Plan.

The hearing at which the Court will determine whether to confirm the Plan (the “Confirmation Hearing”) will take place on _____, 2018, at ____:____ a.m./p.m. in

Courtroom 308 at the United States Bankruptcy Court, 299 E. Broward Boulevard, Fort Lauderdale, Florida 33301.

2. Voting Instructions; Deadline For Voting to Accept or Reject the Plan

Holders of Class 1 Priority Claims and Classes 3, 6A and 6B Unsecured Claims are not Impaired and, therefore, Classes 1, 3, 6A and 6B are deemed to have accepted the Plan. The Debtors will not solicit votes from holders of Classes 1, 3, 6A and 6B. Creditors.

If you are the holder of a Claim or Interest in Class 2, 4, 5 or 7 and are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. Please vote and return your Ballot(s) to United States Bankruptcy Court, Clerk of Court, 299 E. Broward Boulevard, Fort Lauderdale, FL 33301 by 4:30 p.m. (Eastern Standard Time) on or before _____, 2018. In voting for the Plan, please only use the Ballot sent to you with this Disclosure Statement. If you receive more than one Ballot, you should assume that each Ballot is for a separate Claim or Interest and you should complete and return each of the Ballots.

Your ballot must be received by the Bankruptcy Court by 4:30 p.m. on _____, 2018 or it will not be counted.

Any Claim or Interest to which an objection or request for estimation is pending or which is scheduled by the Debtors as contingent, unliquidated, or disputed is not entitled to vote unless the holder of such Claim or Interest has obtained an order of the Bankruptcy Court temporary allowing such Claim or Interest for the purpose of voting on the Plan.

If you are the holder of a Claim or Interest entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions about the Disclosure Statement, the Plan, or voting procedures, contact counsel for the Plan Proponents by mail at Levine Kellogg Lehman Schneider & Grossman LLP, c/o Thomas Lehman, P.A., Citigroup Center – 22nd Floor, 201 S. Biscayne Blvd., Miami, Florida 33131 or by phone at (305) 403-8788 and Rice Pugatch Robinson Storfer & Cohen, PLLC, c/o Chad P. Pugatch, Esq., 101 NE 3rd Avenue, Suite 1800, Fort Lauderdale, Florida 33301 or by phone at (954)462-8000.

3. Deadline for Objecting to the Adequacy of the Disclosure Statement

Objections to this Disclosure Statement must be filed with the Court and served upon counsel for the Plan Proponents by mail at Levine Kellogg Lehman Schneider & Grossman LLP, c/o Thomas Lehman, P.A., Citigroup Center – 22nd Floor, 201 S. Biscayne Blvd., Miami, Florida 33131 or by phone at (305) 403-8788 and Rice Pugatch Robinson Storfer & Cohen, PLLC, c/o Chad P. Pugatch, Esq., 101 NE 3rd Avenue, Suite 1800, Fort Lauderdale, Florida 33301 or by phone at (954)462-8000 by _____, 2018.

4. Deadline for Objecting to Confirmation of the Plan

Objections to confirmation of the Plan must be filed with the Court and served upon counsel for the Plan Proponents by mail at Levine Kellogg Lehman Schneider & Grossman LLP,

c/o Thomas Lehman, P.A., Citigroup Center – 22nd Floor, 201 S. Biscayne Blvd., Miami, Florida 33131 or by phone at (305) 403-8788 and Rice Pugatch Robinson Storfer & Cohen, PLLC, c/o Chad P. Pugatch, Esq., 101 NE 3rd Avenue, Suite 1800, Fort Lauderdale, Florida 33301 or by phone at (954) 462-8000 by _____, 2018.

D. Disclaimer

The Court has not yet approved this Disclosure Statement as containing adequate information to enable the parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement will be considered the Disclosure Statement Hearing and consideration of confirmation of the Plan will be considered at the Confirmation Hearing. Objections to the adequacy of this Disclosure Statement must be filed on or before the date set forth in the Order accompanying this Disclosure Statement (the "Disclosure Statement Order").

SECTION II
HISTORICAL BACKGROUND; MANAGEMENT OF
THE DEBTORS; REASONS FOR FILING CHAPTER 11 CASES

A. History and Business of the Debtor.

The Debtor owns commercial real estate in Broward County, FL that it operates in part and leases to retail business tenants since at least 2001.

B. Management/Employees and Insiders of the Debtors

Spiro Marchelos is the president and 50% stockholder of the Debtor.

C. Events Leading to Filing the Chapter 11 Cases.

This Debtor is not in Chapter 11 due to insolvency or financial distress. Rather, this case appears to have been commenced by one of two shareholders, Martha Marchelos (as attorney in fact for her husband, Elias Marchelos), in her effort to gain advantage over the other 50% shareholder, Spiro Marchelos, during a dispute between them that was previously litigated to finality in State Court. It is, and has been, the consistent position of Spiro Marchelos that the Chapter 11 petition was signed under oath and filed by Martha Marchelos without corporate authority in an attempt to (i) dilute Spiro Marchelos' 50% shareholder interest in the Debtor and (ii) to delay or avoid the State Court eviction of her restaurant Athena-by-the-Sea Corp.. Her lack of corporate authority was confirmed on this Court's December 21, 2017 remand [D.E. 23] to the State Trial Court (Tuter, C.J.), by Order dated January 22, 2018 in the consolidated cases styled *Elias Marchelos et al. v. Fisherman's Pier, Inc. et al.*, Case No.: 14-017994 CACE. Prior to this Chapter 11 case, the Debtor was solvent on a balance sheet and cash flow basis. During this Chapter 11 case, the Debtor's revenues exceeded its expenses, including full debt service of its senior secured creditor but excluding its bankruptcy administrative expenses, by an average of about \$72,428.00 per month for the period November 2017 through March 2018.

D. Projected Recovery of Avoidable Transfers

The Debtor was and is solvent; therefore, there are no projected recoveries of avoidable transfers.

E. Claims Bar Date and Claims Objections

The Claims Bar Date was February 26, 2018.

Except to the extent that a Claim or Interest is already Allowed pursuant to a Final Order, the Plan Proponents reserve the right to object to Claims or Interests. Therefore, even if your Claim or Interest is Allowed for voting purposes, you may not be entitled to a Distribution if an objection to your Claim or Interest is later upheld. The procedures for resolving Disputed Claims are set forth in Article V of the Plan.

F. Post-Petition Date Financial Condition

The Debtor has operated profitably since commencement of the case and as of March 31, 2018 held a \$408,090.41 cash balance in its TIP account after payment of \$145,699.49 in fee awards pursuant to Order of the Court.

**SECTION III
SUMMARY OF CASE**

This case was commenced on October 23, 2017 by the filing of a Voluntary Petition under Chapter 11 of the United States Code. The authority to file the Chapter 11 case was contested from the outset by co-plan proponent, Spiro Marchelos. That resulted in his filing, on October 27, 2017 of an Emergency Motion to Dismiss the Case as a Bad Faith Filing.

Pending the resolution of this dispute, the Debtor operated as a Debtor in Possession. However, the ongoing issues between the shareholders made management by the shareholder who had filed the Petition and claimed management authority difficult. As a result there was an Expedited Motion to Appoint a Chapter 11 Trustee filed by the office of the U.S. Trustee on December 7, 2017 as well as an Emergency Motion for Appointment of an Examiner filed by the Debtor on December 8, 2017.

These Motions resulted in an Evidentiary Hearing as a result of which the Court entered its Order Granting Expedited Motion to Appoint the Chapter 11 Trustee; Directing the Appointment of a Chapter 11 Trustee. This Order was entered on December 14, 2017. Pursuant to the Court's Order, Soneet R. Kapila was appointed by the U.S. Trustee as the Chapter 11 Trustee in this case on December 14, 2017 and he has operated and managed the Debtor's affairs since that date.

Since his appointment as Trustee, Mr. Kapila has, with the cooperation and assistance of Spiro Marchelos, the co-plan proponent, stabilized the business and operations of the Debtor, dealt with various issues pertaining to the maintenance and operation of the property, as well as dealing with various issues with the Debtor's lessees. In addition, and significantly, he negotiated a final stipulation between Chapter 11 and secured creditor, Bank of the Ozarks for use of cash collateral which resulted on February 14, 2018 with a Court Order approving same.

Meanwhile, on January 24, 2018, Spiro Marchelos filed his Amended Emergency Motion to Dismiss Case as a Bad Faith Filing. Pending an Evidentiary Hearing on this Motion, Soneet R. Kapila as Chapter 11 Trustee and Spiro Marchelos as 50% Shareholder of the Debtor negotiated and determined to file their Joint Plan of Reorganization of Trustee and 50% Equity Interest Holder, Spiro Marchelos on March 21, 2018. Spiro Marchelos reserves his right to re-notice his Motion to Dismiss and Amended Motion to Dismiss for hearing if this Plan is not confirmed.

For any more detailed history of this case subsequent to the filing of the Chapter 11 Petition, Creditors may review the Pacer Docket in this case which as of the filing of this Disclosure Statement is approaching 300 docket entries.

SECTION IV **SUMMARY OF ASSETS AND LIABILITIES**

A. Assets

The Assets of the Debtor consist of interest in real and personal property all as set forth on the Schedules A and B filed by the Debtor and which are attached hereto as **Exhibit “2”**.

The Debtor’s real property interests include property held in fee simple as well as leasehold interest in real property. These interests include the property upon which the fishing pier is located as well as various surrounding parcels of property which the Debtor leases to third parties on a commercial basis for profit. The Plan Proponents have not appraised the real property. The value of the Debtor’s interests in the real property was listed in the Schedules filed in this case at a minimum of \$8,600,000.00.

The Debtor’s personal property includes cash as of the Petition Date as set forth in the Schedules in the amount of \$204,678.23. Cash on hand based upon the Trustee’s operation of the Debtor is \$408,090.41 as of March 31, 2018.

In addition to the cash on hand, the Debtor’s personal property as of the Petition Date included accounts receivable scheduled at \$419,000.00 with a reserve for “doubtful or uncollectible accounts” of \$194,000.00 leaving a net of \$225,000.00. It is believed by the Plan Proponents that the “doubtful or uncollectible accounts” consisted primarily of amounts owed by Court Order to the Debtor by Athena By The Sea, Corp. in excess of the amount of \$180,000.00. The Trustee is currently in litigation to collect these sums.

B. Liabilities

The Debtor’s liabilities consist generally of the Note and Mortgage in favor of Bank of the Ozarks; disputed obligations to the IRS; various Promissory Note Claims as well as Trade Claims. The Court established a Claims Bar Date in this case which was February 26, 2018. Pursuant to the Court’s Order, the Trustee was directed to file a claims report reflecting all outstanding claims as of the Claims Bar Date. A copy of the Chapter 11 Trustee’s Claims Report is attached hereto as **Exhibit “3”**. Any claims scheduled but as to which proofs of claim were not

filed in a timely manner by the Bar Date are not allowed and will not participate in any distribution. Claims which were filed by the Bar Date remain subject to objection if appropriate.

SECTION V
HISTORICAL FINANCIALS

Subsequent to the appointment of the Chapter 11 Trustee, the Trustee, with Court approval, retained the accounting firm of KapilaMukamal as his accountants and financial advisors. KapilaMukamal has assisted the Trustee in analyzing the financial records of the Debtor and its former accountant William Platzer. Attached hereto as **Exhibit "4"**, is a summary of the historical financials of the Debtor from January 1, 2017 through March 31, 2018.

SECTION VI
SUMMARY OF THE PLAN AND
TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Purpose of the Plan

The purpose of the Plan is to allow the Debtor to exit Chapter 11 in the most cost-effective and least disruptive manner as possible and resume operating under the management of its President, Spiro Marchelos.

B. Means of Implementing the Plan

Pursuant to the terms of the Plan, unpaid Allowed Administrative Expense Claims and U.S. Trustee Fees will be paid in full on the Effective Date, which the Plan Proponents estimate to be July 1, 2018

C. Unclassified Claims

Certain types of Claims are automatically entitled to specific treatment under the Bankruptcy Code. They are not considered Impaired, and holders of such Claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Bankruptcy Code. As such, the Debtors have not placed the following Claims in any Class:

1. Administrative Expenses

Administrative Expenses are costs or expenses of administering the Debtors' Chapter 11 Cases which are allowed under section 507(a)(2) of the Bankruptcy Code. The Bankruptcy Code requires that all Administrative Expenses be paid on the Effective Date of the Plan, unless a Creditor agrees to a different treatment.

The following chart lists each Plan Proponent's estimate of their own professionals' Administrative Expenses, and proposed treatment, subject to application, hearing and court approval:

Type	Estimated Amount Owed	Proposed Treatment
Trustee's Fee of Soneet Kapila	\$47,000.00	Paid in full on the Effective Date.
Office of the U.S. Trustee Fees	Unknown	Paid in full on the Effective Date.
Professional Fees of KapilaMukamal, LLP	\$111,000.00	Paid in full on the Effective Date.
Professional Fees of Rice Pugatch Robinson Storfer & Cohen, PLLC, Attorney for Chapter 11 Trustee	\$135,000.00	Paid in full on the Effective Date.
Professional Fees of Levine Kellogg Lehman Schneider & Grossman LLP – Attorneys for Sprio Marchelos, joint plan proponent, based on substantial contribution to the case	\$40,000.00	Paid in full on the Effective Date.
Professional Fees of Waldman Trigoboff Hildebrandt & Calnan, P.A. as attorneys for Spiro Marchelos, joint plan proponent, based on substantial contribution to the case	\$20,000.00	Paid in full on the Effective Date.

2. Priority Tax Claims

Priority Tax Claims are unsecured income, employment, and other taxes described by section 507(a)(8) of the Bankruptcy Code. Unless the holder of such a priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the Petition Date. The Plan Proponents are not aware of any unpaid Priority Tax Claims.

D. Classes of Claims and Equity Interests

Following are the Classes set forth in the Plan and the proposed treatment they will receive under the Plan:

1. Class of Allowed and Priority Claims

Certain priority Claims that are referred to in sections 507(a)(1), (4), (5), (6), and (7) of the Bankruptcy Code are required to be placed in Classes. The Bankruptcy Code requires that each holder of such a Claim receive Cash on the Effective Date of the Plan equal to the Allowed Amount of such Claim.

a. Class 1 – Allowed and Priority Claims - Class 1 is unimpaired by this Plan. Each holder of a Class 1 Priority Claim will be paid in full, in cash, upon the later of the Effective Date of this Plan, as otherwise agreed to by the holders of these claims and the Debtor, or the date on which such claims are allowed by a Final Order. Class 1 is deemed to

have accepted this Plan and is, therefore, not entitled to vote on the Plan.

2. Class of Secured Claims Of Bank of Ozarks

a. **Class 2 - Secured Claim of Bank of Ozarks** - Class 2, Bank of the Ozarks is impaired by this Plan. Subject to 4.02(a) of the Plan, the maturity of its loan, September 1, 2018, will be extended five years from the Petition Date. It shall continue to be paid its mortgage loan by the Reorganized Debtor in accordance with the terms, conditions and interest rate of its mortgage loan documents and retain its liens on property of the Debtor. Any monetary default under Bank of the Ozarks' mortgage loan shall be cured on the Effective Date of the Plan. On the Effective Date, Bank of the Ozarks and the Reorganized Debtor, shall execute renewal, modification and extension documents common to such transactions to effectuate the extension of loan maturity or, alternatively, incorporate such terms in the Plan and/or Confirmation Order.

3. Class of General Unsecured Trade Creditors

a. **Class 3 – General Unsecured Trade Creditors** - Class 3 are Trade Creditors of the Debtor. This Class is unimpaired by this Plan. The holder of a Class 3 claim will be paid in full, in cash, upon the later of the effective date of this Plan, as otherwise agreed to by the holders of these claims and the Debtor, or the date on which such claims are allowed by a Final Order is defined to have accepted this Plan. Therefore, Creditors in Class 3 are not entitled to vote on the Plan and are deemed to have accepted this Plan.

4. Classes of General Unsecured Claims of Creditors, Everett Sorensen and Amilcar J. Adao

General Unsecured Claims are not secured by property of the Estates and are not entitled to priority under section 507(a) of the Bankruptcy Code.

Following is the Plan Proponents proposed treatment of Class 4, which consist of nonpriority Unsecured Claims against the Debtor:

a. **Class 4 – General Unsecured Creditors Everett Sorensen and Amilcar J. Adao** - Class 4 is impaired by this Plan. Subject to Section 4.02(b) of the Plan, the first day of the month following the Effective Date of the Plan, the Reorganized Debtor will resume monthly payments to each Class 4 creditor in accordance with their prepetition loans. Adao is allowed a \$227,500 unsecured claim payable \$7,500 per month for 37 months. Sorensen is allowed a \$609,000 unsecured claim payable \$10,000 per month for 61 months.

5. Class of General Unsecured Claim of Zaida Cohen

a. **Class 5 – General Unsecured Claim of Zaida Cohen based on the Addendum** - Cohen waives her right, as a Class 7 equity interest holder to receive 42% of the non-voting common stock of Reorganized Debtor in exchange for her treatment under the Plan as a Class 5 unsecured creditor who shall receive a total of \$1,808,798.06 in principal payable in

198 equal monthly payments of principal and interest totaling \$13,000 each, beginning the first day of the month following the Effective Date of the Plan and continuing the first day of each month thereafter until the monthly payments are completed. The Reorganized Debtor may elect to satisfy the Class 5 Claim in full by paying ninety-five percent of the principal balance of the claim as of the date of payment, together with any accrued and unpaid interest on condition that payment is made on or before the fifth anniversary of the Effective Date. Cohen shall be entitled to receive the financial information described in Section 8.02 of the Plan at the same time it is provided to the equity interest holders until Cohen's Class 5 claim is paid in full.

6A General Unsecured Claim of Zaida Cohen based on the Zaida/Gerald/Stephen Cohen Note. Class 6A consists of the unsecured claim of Cohen based on the Zaida/Gerald/Stephen Cohen Note in the amount of \$391,350. The Class 6A claim will be paid according to its terms and will be unimpaired by this Plan. The Class 6A creditor is not entitled to vote on the Plan and is deemed to have accepted the Plan. The proponent of the Plan reserves the right to object to the Class 6A claim

6B. General Unsecured Claim of Stephen Cohen based on the Zaida/Gerald/Stephen Cohen Note. Class 6B consists of the unsecured claim of Stephen Cohen based on the Zaida/Gerald/Stephen Cohen Note in the amount of \$311,150. The Class 6B claim will be paid according to its terms and will be impaired by this Plan. The Class 6B creditor is not entitled to vote on the Plan and is deemed to have accepted the Plan. The proponent of the Plan reserves the right to object to the Class 6B claim.

7. Class of Equity Interest Holders

Equity Interest holders are parties who hold an ownership interest in the Debtors. Following is the Plan Proponents proposed treatment of Equity Interests:

a. Class 7 – Equity Interests Holders of the Debtor - Class 7 is impaired by this Plan. Subject to Section 4.02(d) of the Plan, each holder of an allowed equity interest will have their shares of common stock in the Debtor cancelled and an equal percentage of shares of non-voting common stock in Reorganized Debtor issued to them subject to the terms of this Plan. Consistent with the provisions of the Order Resolving Stock Ownership regarding management of the Debtor, one share of voting common stock of the Reorganized Debtor shall be issued to Spiro Marchelos. Non-voting common stock shall have a preference on all dividends and distributions over voting common stock.

E. Provisions Governing Distributions

- 1. Disbursing Agent: Soneet Kapila**
- 2. Manner of Payment Under the Plan**

At the option of the Disbursing Agent any Cash payment to be made hereunder may be made by a check or wire transfer or as otherwise required or provided in applicable agreements.

3. Allocation of Plan Distribution Between Principal and Interest

To the extent any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and unpaid interest accruing since the Effective Date thereon, any Distribution with respect to such Allowed Claim shall, for federal and state income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the accrued but unpaid interest.

F. Procedures for Resolving and Treating Disputed Claims and Interests

1. Objection Process/Deadline

Except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code, the Reorganized Debtors shall have the sole right to make and file objections to Claims and Equity Interests until the date of the Final Confirmation Hearing. The Reorganized Debtors shall have the sole authority to compromise, settle, or otherwise resolve or withdraw any objections, with approval of the Bankruptcy Court, which approval may be sought on negative notice pursuant to Local Rule 3007-1(C) and (D). Unless otherwise ordered by the Bankruptcy Court, the Reorganized Debtors shall file all objections to Administrative Expense Claims that are the subject of proofs of Claim or requests for payment filed with the Bankruptcy Court (other than applications for allowances of compensation and reimbursement of Professional Fee Claims), Claims and Equity Interests and serve such objections upon the holder of the Administrative Expense Claim, Claim, or Equity Interest as to which the objection is made as soon as is practicable, but in no event later than (a) one hundred twenty (120) days after the later to occur of the Effective Date or the date on which a proof of Claim or request for payment is permitted to be filed with the Bankruptcy Court or (b) such later date as may be approved by the Bankruptcy Court.

2. No Distributions Pending Allowance

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided hereunder shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim. For purposes of reserving distributions pending resolution of Disputed Claims, such Claims may be estimated upon motion and hearing. The Debtors will deposit amounts properly allocable on account of the Disputed Claim into the Disputed Claim Reserve until each Disputed Claim is either Allowed or an Order is entered disallowing the Claim.

3. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, a Distribution shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the Order of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Debtor shall provide to the holder of such Claim the Distribution to which such holder is entitled under the Plan.

4. Voting Rights of Holders of Disputed Claims

Pursuant to Bankruptcy Rule 3018(a), a Disputed Claim or Interest will not be counted for purposes of voting on the Plan to the extent it is disputed, unless an Order of the Bankruptcy Court is entered after notice and a hearing temporarily allowing the Disputed Claim or Interest for voting purposes under Bankruptcy Rule 3018(a). Such disallowance for voting purposes is without prejudice to the claimant's right to seek to have its Disputed Claim or Interest allowed for purposes of distribution under the Plan.

G. Retained Causes of Action (State Law and Bankruptcy)

The Reorganized Debtor shall have the authority to prosecute, defend, compromise, settle, or otherwise deal with any Retained Causes of Action as representative(s) of the Estate. The Reorganized Debtor shall pay the fees and costs associated with litigating the Retained Causes of Action in the ordinary course of business. The Reorganized Debtor shall have the sole discretion to determine, in their business judgment, which Retained Causes of Action to pursue, which to settle, and the terms and conditions of those settlements. The retained claims and actions are described in Article VII of the Plan. The Debtors reserve the right to supplement their list of Retained Causes of Action.

H. Retention of Jurisdiction After the Effective Date

Subject to the terms of the Confirmation Order, the Bankruptcy Court shall retain jurisdiction as set forth in Article XI of the Plan.

I. Cramdown Provisions

The Bankruptcy Code contains provisions for confirmation of a plan even if the plan is not accepted by all impaired classes, so long as one impaired class of claims has accepted it. The "cramdown" provisions of the Bankruptcy Code are set forth in section 1129(b) of the Bankruptcy Code.

A plan may be confirmed under the cramdown provisions if, in addition to satisfying the usual requirements of section 1129 of the Bankruptcy Code, it (i) "does not discriminate unfairly" and (ii) is "fair and equitable" with respect to each Class of Claims or Equity Interests that is impaired under, and has not accepted, the Plan. As used by the Bankruptcy Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law.

In general, the cramdown standard requires that a dissenting class receive full compensation for its allowed claims before any junior class of claims receives any distribution.

In the event that any Classes are determined to have rejected the Plan in accordance with section 1126 of the Bankruptcy Code, the Plan Proponents will utilize the provisions of section 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of the Plan.

J. Conditions Precedent to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied:

1. The Confirmation Order shall have been entered by the Clerk of the Bankruptcy Court.
2. All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.
3. There shall be no stay of the Confirmation Order in effect.
4. All other actions, documents and agreements necessary to implement the Plan shall have been effected or executed.

K. Injunction In Favor of the Debtor

All Persons who have held, hold, or may hold Claims against or Interest in the Debtor (including without limitation claims for indemnity and/or contribution) shall be permanently enjoined, on and after the Effective Date, subject to the occurrence of the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Interest against the Debtor, (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree or order against the Debtors on account of any such Claim or Interest, (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Interest, and (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from or against the Debtor or against the property or interests in property of or against the Debtor on account of any such Claim. The foregoing injunction will extend to successors of the Debtor and their properties and interests in property. If the terms of this Section vary or conflict with the terms of Article X of the Plan, the terms of Article X govern.

L. Professional Fees and Costs

Post-Confirmation Professionals will file with the Bankruptcy Court applications for compensation of fees and costs. As set forth in Article XI of the Plan, the Bankruptcy Court shall retain jurisdiction to consider and award fees and costs applied for by Professionals.

**SECTION VII
MEANS OF IMPLEMENTATION OF PLAN -
CURRENT AND PROJECTED CASH FLOW**

The provisions of the Plan in this case will be implemented and funded through the Debtor's cash flow. As previously indicated, this Debtor was not insolvent as of the date of the filing of the Voluntary Petition and was and is cash flow positive. The income and expense of the

Debtor, when considered on a monthly basis, are sufficient to fund the obligations of the Plan without infusion of additional capital.

The Trustee's accountants, KapilaMukamal, have prepared a Summary of Current and Projected Cash Flow for the Debtor which is attached hereto as **Exhibit "5"** and which reflects adequate net income on a monthly basis to fund the obligations of this Plan.

SECTION VIII **VOTING ON AND CONFIRMATION OF THE PLAN**

In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan. These include that (a) the Plan has classified Claims and Equity Interests in a permissible manner, (b) the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; (c) the Debtor has proposed the Plan in good faith; and (d) the Debtor's disclosures as required by Chapter 11 of the Bankruptcy Code have been adequate and include information concerning all payments made or promised by the Debtor in connection with the Plan. The Debtor believes that all of these conditions will have been met by the date set for the Confirmation Hearing.

The Bankruptcy Code also requires that the Plan be accepted by the requisite votes of Creditors (except to the extent that "cram-down" is available under Section 1129(b) of the Bankruptcy Code), that the Plan be feasible (that is, the confirmation of the Plan is not likely to be followed by the liquidation, or the need for further reorganization of the Debtor, and that the Plan is in the "best interests" of all Creditors and Equity Interest holders (that is, that Creditors and Equity Interest holders will receive at least as much under the Plan as they would receive in a liquidation under Chapter 7 of the Bankruptcy Code).

To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met. Even if the Creditors accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting feasibility of the Plan and whether the Plan is in the best interests of Creditors. These statutory conditions to confirmation are discussed below.

A. Classification of Claims and Equity Interests

The Bankruptcy Code requires that a plan of reorganization place each Creditor's Claim and each Equity Interest in a class with other Claims and Equity Interests that are "substantially similar." For the rationale for the classification of Claims and Equity Interests used in the Plan, see Section III of this Disclosure Statement. The Debtor believes that the Plan meets the classification requirements of the Bankruptcy Code.

B. Voting

1. Impaired Classes and Equity Interests

As a condition to confirmation, the Bankruptcy Code requires that at least one impaired class of Claims or Equity Interests accepts the Plan. A class is "impaired" if the legal, equitable or contractual rights attaching to the Claims or Equity Interests of that Class are modified, other than by curing defaults and reinstating the maturity dates thereof or by payment in full. The Bankruptcy Code defines acceptance of a plan by an impaired class of Claims as acceptance by holders of two-thirds in dollar amount and a majority in number of Claims of that class. For that

purpose, the Bankruptcy Code counts only those who actually vote to accept or to reject the Plan. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

Holders of Claims or Interests in Classes 2, 4, 5 and 7 are entitled to vote on the Plan. The Debtor will not solicit votes from Classes 1, 3, 6A and 6B.

2. Classes That Are Not Impaired

Classes of Claims that are not "impaired" under the Plan are deemed to have accepted the Plan. Class 1 Priority Unsecured Deposit Claims and Classes 3, 6A and 6B Unsecured Claims are not Impaired and, therefore, Classes 1, 3, 6A and 6B are deemed to have accepted the Plan. The Debtor will not solicit votes from holders Classes 1, 3, 6A and 6B Creditors.

C. Best Interests of Creditors

Notwithstanding acceptance of the Plan by the vote of Creditors, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interests of all Classes of Creditors and Equity Interest holders that are impaired under the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides each member of each impaired Class a recovery having a value at least equal to that which each Class member would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

To estimate what members of each impaired Class would receive under Chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtors' assets if the Chapter 11 Case were converted to Chapter 7 and the assets were liquidated by a trustee in bankruptcy (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of the Debtors' assets, plus Cash held by the Debtors. The Liquidation Value would be reduced by (a) the amount of Secured Claims; and (b) the costs and expenses of the liquidation, as well as Administrative Expense Claims of the Debtor's Estate.

Once the percentage recoveries in liquidation of Secured Claims, Priority Claims and Unsecured Claims are ascertained, the Distributions available out of the Liquidation Value are compared with the value of the property offered to each class of Claims and Equity Interests under the Plan. This enables the Bankruptcy Court to determine whether the Plan meets the best interests of each Creditor and Equity Interest holder.

The Debtor believes that the administrative expenses will be less under the Plan than if a Chapter 7 trustee were responsible for liquidating the assets and making distributions to Creditors. Under the Plan, only the actual, reasonable and necessary expenses of liquidation will be a charge against the Estate Assets, while in a Chapter 7 liquidation both the Chapter 7 trustee's flat percentage fee plus the fees and expenses of the trustee's professionals would be chargeable against the Estate prior to making distributions to Creditors.

D. Feasibility of the Plan

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization. The Plan Proponents believe that all obligations described in the Plan will be timely performed.

E. Alternatives to the Plan

The Plan Proponents believe that the Plan provides Creditors with the greatest possible value that could be realized on their Claims. The primary alternatives to confirmation of the Plan is liquidation of the Debtor under chapter 7 of the Bankruptcy Code or dismissal of the Chapter 11 Cases. In a chapter 7 liquidation, the Debtor believes that Unsecured Creditors would receive much less for their Claims after payment of Administrative Expenses and Secured Claims than under the Plan.

F. Risks Associated With Plan Confirmation

The Plan Proponents Plan involves a degree of risk, and this Disclosure Statement and the Plan contain forward-looking statements that involve risks and uncertainty. The Reorganized Debtor's actual results could differ materially from those anticipated herein as a result of a variety of factors. Holders of Claims should consider the following, in addition to the other information contained in this Disclosure Statement, before submitting a vote to accept or reject the Plan.

**SECTION IX
EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. Treatment

The Trustee will assume all executory contracts and unexpired leases described in Article VI of the Plan.

B. Cure Payments

Any monetary amounts by which any executory contract or unexpired lease to be assumed hereunder is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtor. If there is a dispute regarding (i) the nature or amount of any cure, (ii) the ability of the Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be. There are not anticipated to be any cure payments necessary as all executory contracts and unexpired leases as to which the Debtor owes performance are believed to be current.

D. Rejection Damages Claims

Proofs of all Claims arising out of the rejection of executory contracts and unexpired leases pursuant to the Plan shall be filed with the Bankruptcy Court, with proper supporting documentation detailing the calculation of such claim, and served upon the Plan Proponents, and their counsel and the Debtors and their counsel not later than thirty (30) days after the earlier of (a) the Effective Date, or (b) the date of entry of an Order of the Bankruptcy Court approving such rejection. Any Claims not filed within such time shall be forever barred from assertion against the Debtor, its Estate, the Reorganized Debtor, and their respective properties and

interests. Unless otherwise ordered by the Bankruptcy Court, all Allowed Claims arising from the rejection of executory contracts or unexpired leases shall be treated as Class 3 General Unsecured Claims.

SECTION X
DISCLAIMER REGARDING TAX CONSEQUENCES

The following discussion briefly summarizes some of the more significant federal income tax consequences of the Plan to the Debtors based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), the Treasury regulations promulgated thereunder, the judicial authorities and current administrative rulings. In addition, certain aspects of the following discussion are based on proposed Treasury regulations.

The tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority and may be subject to administrative or judicial interpretations that differ from the discussion below. The Plan Proponents have not requested a ruling from the Internal Revenue Service (the "IRS"), nor will any opinion of counsel be obtained by the Debtor with respect to the federal income tax consequences of the Plan. There can be no assurance that the IRS will not challenge any or all of the tax consequences of the Plan, or that if such challenge is asserted, would not be sustained. Further, the federal income tax consequences to the Debtor, the Creditors and the Interest holders may be affected by matters not discussed in the Plan and Disclosure Statement.

THE DEBTORS' MANAGEMENT AND THEIR RESPECTIVE COUNSEL AND FINANCIAL ADVISORS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN WITH RESPECT TO THE DEBTORS, CREDITORS OR HOLDERS OF EQUITY INTERESTS, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO COMPANIES IN BANKRUPTCY ARE EXTREMELY COMPLEX. CREDITORS AND HOLDERS OF EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES.

SECTION XI
RECOMMENDATION

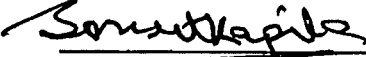
FOR ALL OF THE REASONS SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN PROPONENTS BELIEVE THAT THE CONFIRMATION AND CONSUMMATION OF THE PLAN ARE PREFERABLE TO ALL OTHER ALTERNATIVES.

SECTION XII
CONCLUSION

THE PLAN PROPONENTS URGES ALL CREDITORS TO ACCEPT THE PLAN AND TO EVIDENCE SUCH ACCEPTANCE BY RETURNING THEIR BALLOTS SO AS TO BE RECEIVED BY THE CLERK OF THE BANKRUPTCY COURT AT 299 E. BROWARD BOULEVARD, FORT LAUDERDALE, FLORIDA 33301 ON OR BEFORE _____, 2018 AT 4:30 P.M. (EASTERN DAYLIGHT TIME),

Respectfully submitted,
(signatures may be in counterpart):

The Plan Proponents:



SONEET KAPILA, AS CHAPTER 11 TRUSTEE

SPIRO MARCHELOS, 50% STOCKHOLDER OF
DEBTOR

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SECTION XII
CONCLUSION

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Respectfully submitted,
(signatures may be in counterpart):

The Plan Proponents:

SONDET KAPILA, AS CHAPTER 11 TRUSTEE



SPIRO MARCHELLOS, 50% STOCKHOLDER OF
DEBTOR

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