

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH DIVISION**
www.flsb.uscourts.gov

In re:

PREMIER WELLNESS CENTERS LLC
EIN#26-2015790
Debtor. /

Case No. 16-10191-PGH
Chapter 11
(Small Business)

**THE DISCLOSURE STATEMENT OF
PREMIER WELLNESS CENTERS LLC
DATED NOVEMBER 1, 2016**

I. INTRODUCTION

A. Purpose of this Document.

This is the disclosure statement (the “Disclosure Statement”) in the Chapter 11 case of Premier Wellness Centers LLC (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Debtor’s Plan of Reorganization (the “Plan”) filed by the Debtor on November 1, 2016. A full copy of the Plan was filed with this Court (ECF#129) concurrently with this Disclosure Statement and is referenced as **Exhibit A**.

This Disclosure Statement is submitted pursuant to the requirement imposed on the proponent of a plan by 11 U.S.C. § 1125. The purpose is to disclose information deemed to be material, important, and necessary for the creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance or rejection of the Plan. This Disclosure Statement should be read in conjunction with the accompanying Plan. The Plan is a legally binding document once it is approved by the Court, and should be read in its entirety. Accordingly, holders of Claims and Interests may wish to consult with their own attorney to more fully understand the Plan.

No representations concerning the Debtor, its future business operations, the value of its property or the value of any benefits offered to holders of Claims or Interests in connection with the Plan are authorized other than as set forth in this Disclosure Statement. Any representations or inducements made to secure acceptance of the Plan other than those contained in this Disclosure Statement should not be relied upon by a holder of a Claim or Interest. Any such additional representations and inducements should be reported to counsel for the Debtor at the address below and to the United States

Trustee.

The information contained in this Disclosure Statement has not been subject to certified audit and is based in large extent on information maintained and collected by the Debtor. While every effort has been made to provide the most accurate information available, the books and records of the Debtor are not warranted or represented to be completely and historically accurate. Further, much of the information contained herein consists of projections of future performance. While every effort has been made to ensure that the assumptions are valid and that the projections are as accurate as can be made under the circumstances, neither the Proponent, the Debtor, nor its accountant undertake to certify or warrant the absolute accuracy of the projections.

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

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

1. Time and Place of the Hearing to Confirm the Plan

The hearing at which the Court will determine whether to confirm the Plan will take place on _____, in Courtroom A, Room 801, at 1515 North Flagler Drive. West Palm Beach, FL 33401.

2. Deadline for Voting to Accept or Reject the Plan

If you are entitled to accept or reject the Plan, vote on the enclosed ballot and return the ballot to the United States Bankruptcy Court, 1515 N. Flagler Drive, Room 801, West Palm Beach, FL 33401.

See Section X for a discussion of voting eligibility requirements.

The ballot must be received by _____ or it will not be counted.

3. Deadline for Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Court and served upon the attorney for the Debtor, Malinda Hayes, Esq., Markarian Frank & Hayes, 2925 PGA Blvd., Suite 204, Palm Beach Gardens, FL 33410; Heidi Feinman, Office of the U.S. Trustee, 51 S.W. First Ave, Suite 1204, Miami, Fl. 33130; and all interested parties by _____.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Malinda Hayes, Esq., Markarian Frank & Hayes, 2925 PGA Blvd., Suite 204, Palm Beach Gardens, FL 33410.

5. Effective Date.

As the term is used in this Disclosure Statement and the Plan, the Effective Date shall mean the date the order of the Bankruptcy Court confirming the Plan shall have become final and nonappealable, or, if such date is not a Business Day, the next succeeding Business Day, notwithstanding any pending appeal in respect of the Plan, unless in conjunction with any appeal the effect of the order confirming the Plan is stayed by a Court order.

II. BACKGROUND

Premier Wellness Centers, LLC (the “Debtor”) is a health care company that provides comprehensive medical and holistic health care services to the United States. The Debtor was established in 2008 by Dr. William Jensen D.C. and has become the dominant wellness center in Port Saint Lucie. Since its inception, the Debtor had grown 35% per year annually and was on track to gross 2.2 million in revenue by 2013. In February of 2014, due to the Debtor’s growth a new

lease was signed and the company moved into a 5,500 square foot facility connected to the new Martin Memorial hospital. Around the same time the Debtor's principal, Dr. William Jensen, made a verbal commitment with partners from an unrelated entity, Premier Wellness Centers East, to open a new wellness center in Stuart Florida. Although this location was opened as a separate legal entity, the build out loan and lease were secured and guaranteed by the Debtor and other non-debtor parties. Shortly after building out the Debtor's new Tradition office and moving into the new office, an audit initiated by Cigna halted all payments on claims while a comprehensive audit was performed. Cigna was paying between \$30,000 and \$40,000 per week for services rendered to Florida Power and Light employees and their family members and those payments abruptly stopped to the Debtor and to the Premier Wellness Centers East LLC entity. As a result, the partners who had committed to open the Stuart entity backed out of the agreement, but the lease had already been signed. The buildout and over head of the Stuart entity then fell on the shoulders of Dr. Jensen and the Debtor. Upon completion of the audit Cigna demanded repayment of over \$1,000,000 and they would no longer pay for services rendered for all Cigna patients at any of the Premier Wellness Centers entities. At the same time BCBS of Florida amended their coverage of massage therapy and chiropractic services. As a result, 50% of the total patients of the Debtor's practice left, crippling the office. Chase issued lines of credit to help get the Stuart entity off the ground, which were also guaranteed by the Debtor, and the Debtor increased its line of credit with Chase in order to keep its operation viable while it adjusted to the changes. A medical doctor was employed by both the Stuart entity and the Debtor in order to diversify the services offered at both practices. A firm was hired to credential the medical doctor with the major medical carriers, but 6 months later the firm was unable to get him credentialed with the four major medical carriers because all of the panels were closed. With no revenue coming in at the Stuart entity and the decrease in the Debtor's

revenue, the Stuart entity was closed down in June of 2015. As a result, multiple lawsuits were filed against the Debtor who had guaranteed numerous debts of the Stuart entity. Over the last year the Debtor has changed its patient demographics to target different markets. The company sees more Medicare, personal injury, worker's compensation and Veteran patients, which has caused our patient base to slowly return and is gradually stabilizing the Debtor's finances.

This case (the "Bankruptcy Case") was filed on January 6, 2016, for the purpose of attempting to preserve the on-going business operation and to maximize its value for the benefit of all creditors and equity interest holders.

III. POST-PETITION EVENTS

Debtor employed its attorney, Malinda Hayes of Markarian Frank and Hayes to represent it in the bankruptcy proceeding (ECF#36). Debtor also employed its bookkeeper, Ralph Manalastas, and retained him on a flat fee basis for \$2,000 per month (ECF#41).

Debtor sought and obtained a waiver of the Court's requirement to appointment a patient care ombudsman (ECF#34).

Debtor sought and obtained permission to use cash collateral (ECF#20, 35 and 104). As consideration for the use of cash collateral and risks inherent with such use, the Debtor began paying adequate protection of \$1550 per month in January 2016, which increased to \$2500 per month in February 2016.

Debtor objected to three claims: #3, #4, and #7. The objection to claim #3 of Foundation Group LLC ("Foundation") was resolved with Foundation's secured claim being bifurcated into a secured claim of \$57,962.83, and an unsecured claim of \$45,333.24. The objection to claim #4 of the Morganti Group will be withdrawn based on documentation

provided in the creditor's response to the claim objection. The objection to claim #7 of McKesson Medical Group has not yet been resolved and an order has not yet been entered.

Debtor amended its schedules once (ECF#95), to update the personal property owned on the petition date, as some property that had previously been disposed of was inadvertently listed on the Debtor's original schedule B (ECF#1). The amendment resulted in a reduction of the value of the personal property by \$18,238.

Debtor also filed a Motion to Value Personal Property in order to establish the amount of Foundation's lien interest. JPMorgan Chase Bank ("Chase") holds a first priority lien on all of the Debtor's personal property of the Debtor, including but not limited to inventory, equipment, machinery, accounts and accounts receivable. Chase's security interest covers all of the Debtor's rights, title and interest in Debtor's cash and accounts securing cash collateral as defined by 11 U.S.C. § 363(a). Foundation holds a second-priority blanket lien on all of the Debtor's personal property, including but not limited to inventory, equipment, machinery, accounts and accounts receivable. An Order on the Motion to Value was entered (ECF#127), which established that Chase's interest in the Debtor's personal property was fully secured at \$308,232.17, and Foundation's lien interest is secured only to the extent of the value of the Debtor's personal property at \$57,962.83.

During the bankruptcy case, some payments on claims were made by the Debtor or by third parties which reduced the balance listed in the Debtor's schedules. Alma Goldstein was paid 31k from a non-debtor who was jointly liable on the debt, reducing her claim to \$54,307. Brian Lipari was paid in full from a non-debtor who was jointly liable on the debt. Karen Jensen was paid 20k by a non-debtor, reducing her claim to \$25,538. Rizzollo group was paid in full by a non-debtor. Trad Health was paid in full

by the Debtor during the case as the debt was related to an unexpired lease and payment was required to cure the lease default.

IV. FINANCIAL INFORMATION

The Debtor has filed schedules of assets, liabilities, income and expenses, a Statement of Financial Affairs, and Monthly Operating Reports which contain the most accurate and current information available to the Debtor. A summary of the Debtor's most recent operating report is attached hereto as **Exhibit B**. Full copies of all reports are available upon request of Debtor's counsel.

A. Real Property

The Debtor does not own any real property. The Debtor leases space located at 10050 SW Innovation Way, Port St. Lucie, FL where it conducts the day to day operations as a holistic healthcare center.

B. Personal Property

The Debtor's personal property consists of the above-discussed cash collateral, accounts receivable, a website, customer list, inventory, office fixtures and equipment located at the holistic healthcare center as listed in the Debtor's amended schedule B (ECF#95) and as set forth below in Section VI.

C. Ability to Fund and Complete Plan

The Debtor proposes to fund the Plan from cash on hand and income from on-going business operations.

D. Compensation of Officers

William Jensen, is the Managing Member and is responsible for managing the Debtor. Mr. Jensen receives \$5,500 per month with no additional benefits as compensation for his time during the pendency of the case and subsequent to the confirmation of the plan, it is anticipated that he will continue receiving the same salary compensation for his services after confirmation.

V. EXECUTORY CONTRACTS

The Debtor is a party to a lease on business premises located at 10050 SW Innovation Way, Suite 201, Port St. Lucie, FL 34987. The Debtor has assumed the unexpired non-residential real property lease pursuant to 11 U.S.C. § 365 [ECF#101].

VI. LIQUIDATION ANALYSIS

As with any Plan, an alternative would be a conversion of the Chapter 11 case to a Chapter 7 case and subsequent liquidation of the Debtor's assets by a duly appointed or elected trustee.

In the event of a Chapter 7 liquidation, an additional tier of administrative expenses entitled to priority over general unsecured claims under § 507(a)(1) of the Bankruptcy Code would be incurred. Such administrative expenses would include Trustee's commissions and fees to the Trustee's accountants, attorneys and other professionals likely to be retained by the Trustee for the purposes of liquidating the Debtor's assets.

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a Chapter 7 liquidation. The following scenario would occur in a Chapter 7 liquidation:

Estimated value of assets: \$523,855

Real Property - \$0.00

Personal Property - \$140,840 (source – schedule B)

Accounts Receivable - \$373,456 (collectable value as of
10/15/16)

Cash collateral - \$9,599.54 (source – account balances on
10/30/16)

Less liens on property: \$366,195.00

Less post-petition interest and attorney's fees on JP Morgan Chase's
oversecured claim \$35,000

Chapter 11 Administrative Claims (see section IX(B)(1) below) \$32,000

Chapter 7 Administrative claims: estimated \$30,000

Amount available for general unsecured creditors: \$60,660.00

Amount available for equity interest holders: \$0.00

All holders of Claims and Interests would receive at least this amount or higher under the Plan, and therefore the Plan meets the test required by 11 U.S.C. § 1129(a)(7).

VII. SPECIAL RISK FACTORS

Certain substantial risk factors are inherent in most plans in Chapter 11 cases. If such plans are accepted, it is usually because they represent a greater return in dividends than in a liquidating Chapter 7 case. This Plan bears the risk that the Debtor's revenues may be less than projected revenues or that expenses may be higher than projected, and thus that the Debtor may not be able to make all plan payments. However, based on historical performance during this chapter 11 case, the Debtor believes all payments are feasible.

ALL RISK FACTORS INHERENT IN A PLAN UNDER CHAPTER 11 ARE PRESENT IN THIS CASE. CREDITORS ARE URGED TO CAREFULLY READ THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING PLAN SO THAT AN INFORMED JUDGMENT CAN BE MADE WITH RESPECT TO VOTING ON THE PLAN.

VIII. SUMMARY OF NON-BANKRUPTCY LITIGATION

At the time of the filing of the case, the Debtor was a party in five (5) pending non-bankruptcy litigation matters. These matters were stayed by the filing of this case.

Those lawsuits were primarily based on breach of contract, for non payment of loans related to guarantees of the debts of the Stuart entity. Brian Lipari M.D. sued for lost wages and severance pay in his employment contract. Stuart North, the landlord for the Start entity, sued for breach of the lease agreement for the Stuart office which was guaranteed by the Debtor.

Chase Bank called a line of credit issued to the Debtor based on the Stuart entity's default of loans extended to the Stuart entity, which were guaranteed by the Debtor, and sued the Debtor on all three notes. Chase's lawsuit was filed just before the petition date, in 2015, but it was not served until January 6, 2016 (the Petition date). This suit was inadvertently omitted from the Debtor's Statement of Financial Affairs, as it was not known to the Debtor until just after the chapter 11 case was filed.

Two additional suits against the Debtor were filed as a result of pre-petition breach of the Debtor's lease agreement. Mann RC, LLC, the Debtor's former landlord and Trad Health LLC, the assignee of Mann (the Debtor's current landlord), both sued for breach of the Debtor's lease

agreement. The Debtor is now current with the current landlord and that suit was dismissed. The Mann RC, LLC suit remains stayed by the chapter 11 case.

IX. SUMMARY OF PLAN OF REORGANIZATION

A. Purpose of the Plan of Reorganization

As required by the Code, the Plan places Claims and Interests in various Classes and describes the treatment each Class will receive. The Plan also states whether each class of Claims or Interests is Impaired or Unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of Claims and Interests are automatically entitled to specific treatment under the Code. They are not considered Impaired, and holders of such Claims and Interests 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 Code. As such, the Proponent has not placed the following Claims in any Class:

1. Administrative Claims

Administrative Expenses are costs or expenses for administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. The Code requires that all Administrative Expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment. The Plan proposes that Administrative Expenses will be paid in full or according to the terms of separate written agreement between the parties. Administrative Expenses include the following:

| | |
|---------------------------------|--|
| Professional fees and expenses: | estimated at \$40,000.00 (\$20,000 pre-petition retainer will be applied as an advance against any fees awarded by the Court.) |
|---------------------------------|--|

Office of the US Trustee: no outstanding payments due (all fees due will be promptly paid in full, on or before the effective date)

Accounting fees: estimated at \$12,000.00

2. Allowed Priority Tax Claims

Each holder of an Allowed Priority Tax Claim shall receive deferred cash payments over a period not to exceed five years following the Order for Relief, of a value, as of the Effective Date of the Plan, equal to the amount of the Allowed Priority Tax Claim, except to the extent that a holder of an Allowed Priority Tax Claim under § 507(a)(8) of the Code has been paid by the Debtor prior to the Effective Date or agrees to a different treatment. Prior to the Effective Date, the Debtor shall have the right, in its sole discretion, to prepay at any time, in whole or in part, the Allowed Priority Tax Claim without premium or penalty of any sort or nature.

The Debtor listed 2015 tangible personal property taxes due to the St. Lucie County Tax Collector as outstanding. St. Lucie County Tax Collector did not file a proof of claim. The taxes owed are \$4,154, plus interest at the statutory rate. The Debtor intends to pay the taxes in full on or before the Effective Date, but reserves the right to make deferred cash payments if needed.

3. Classes of Claims and Equity Interests

The Plan shall provide for the payment of all expenses of this proceeding, including fees due the Office of the U.S. Trustee, accompanying Plan divides holders of Claims and Interests into the following Classes, and identifies them as Impaired or Unimpaired:

Class 1 — Allowed Secured Claim of JPMorgan Chase Bank, N.A. (“Chase”) (Impaired) This Class includes the Secured Claim of Chase based on its pre-petition lien in the amount of \$308,232.17. Chase has a first position lien on personal property located at 10050 SW Innovation Way, Port St. Lucie, FL. The Debtor shall retain the property. Chase’s claim shall be

treated as fully secured, with entitlement to post-petition interest, attorney's fees and costs.

Chase shall apply all post-petition adequate protection payments first to post-petition interest and attorney's fees, and then any remainder shall be applied to the principal balance of the claim. Commencing on the effective date, Chase's claim shall be amortized out over ten (10) years at five (5) % interest, with monthly payments estimated to be approximately \$3,269.28 per month. Chase shall retain its liens until the claim is paid in full. There shall be no pre-payment penalty.

The Class 1 claimholder is entitled to vote.

Class 2 – Allowed Secured Claim of Foundation Group LLC (Impaired) This Class includes the Secured Claim of Foundation Group LLC, based on its pre-petition lien amount of \$57,962.83. Foundation has a second lien position on personal property located at 10050 SW Innovation Way, FL. The Debtor shall retain the property. Foundation's lien shall be treated as an under-secured claim with no entitlement to post-petition fees or interest.

The secured claim will be amortized over 15 years at 5% interest, with a balloon payment due September 30, 2023 of \$36,205. The Debtor commenced monthly adequate protection payments in the amount of \$458.36 on October 31, 2016, which shall be paid on the last day of each month thereafter and shall continue making such payments through confirmation. Upon confirmation of the Debtor's Plan, the lender shall apply the adequate protection payments to principal and interest commencing on October 31, 2016. Debtor shall continue making the payments as the payments due under the confirmed plan. Foundation shall retain its liens until the secured claim is paid in full.

The Class 2 claimholder is entitled to vote.

Class 3 — Allowed Unsecured Claims (Impaired). This Class includes all

Unsecured Claims allowed against the Debtor's estate, of approximately \$1,411,171. The Plan proposes to pay a distribution equal to approximately 5% of allowed general unsecured claims, in equal quarterly installments over 120 months, commencing within 30 days of the effective date. The estimated quarterly payments to unsecured creditors would be \$1,764.

Attached hereto as **Exhibit C** is a description of all Scheduled General Unsecured Claims and all other General Unsecured Claims filed against the Debtor.

The Class 3 claimholders are entitled to vote.

Class 4 — Allowed Interests (Unimpaired): This Class includes the Interest of William Jensen in the Debtor. He shall retain his equity interest in the Debtor.

The Debtor does not believe the absolute priority rule applies. **If however, a successful objection regarding the absolute priority rule is timely raised, the Debtor's equity interest shall be auctioned to the highest bidder at the time of the confirmation hearing. The Debtor's initial bid is \$500. If no higher bid is received, this bid will be accepted as "new value," and the absolute priority rule will not bar confirmation of the Debtor's Plan. Any new value received by the Debtor shall be used to fund the Plan.**

The Class 4 Claim is Unimpaired; however, Class 4 Claimholder is not entitled to vote to accept or reject the Plan, as Class 4 Claimholder shall be deemed to have accepted the Plan.

4. Claims Not Receiving Treatment Under Debtor's Plan

The following claims were listed on the Debtor's Schedule F as disputed, as well as claims that were filed for which no claim was scheduled. If no proof of claim was filed, then claims will not receive treatment under the Debtor's Plan. ***Entry of an order confirming the Debtor's Plan of Reorganization shall act as a permanent injunction forever barring any and all enforcement***

or collection efforts against the Debtor arising from these disputed pre-petition debts:

Cigna, arising from services audit in the amount of \$1,412,433.20 listed on Schedule F as disputed. Cigna did not file a proof of claim. This scheduled claim will not receive treatment under the Debtor's Plan.

Timepayment Corp, arising from a breach of lease in an unknown amount listed on Schedule F as disputed. Timepayment Corp. did not file a proof of claim. This scheduled claim will not receive treatment under the Debtor's Plan.

This list reflects only those Unsecured Claims not receiving treatment under the Plan that were listed on the Debtor's Schedules, but for which no proof of claim was timely filed. Objections to Claims will be filed prior to the Objection deadline. This list is in no way meant to limit the Debtor's ability to object to additional Claims.

C. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

1. Ability to Initially Fund Plan

The Debtor will have enough cash on hand on the effective date of the Plan to pay all the expenses that are entitled to be paid on that date. The Debtor has ample cash on hand to fund the initial distribution.

2. Ability to Make Future Plan Payments And Operate Without Further Reorganization

The Plan Proponents have provided projected financial information. Those

projections are attached hereto as **Exhibit D**, which show that the Plan Proponent will have enough cash to continue operating such that additional reorganization is not necessary.

The Plan Proponent's financial projections show that the Debtor will be fully capable of meeting its obligations under this Plan.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

X. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (h) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one Impaired Class of claims must accept the Plan, without counting votes of insiders; the Plan must distribute to each holder of a Claim or Interest at least as much as the holder would receive in a Chapter 7 liquidation case unless the holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in 11 U.S.C. § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to accept or reject the Plan. A holder of a Claim or Interest has a right to vote for or against the Plan only if that holder has a Claim or

Interest that is both (I) Allowed or allowed for voting purposes; and (2) Impaired.

In this case, the Proponent believes that Classes 1, 2 and 3 are Impaired and that holders of Claims and Interests in each of these Classes are therefore entitled to vote to accept or reject the Plan. The Proponent believes that Class 4 is unimpaired and that holders of claims in this class, therefore, do not have the right to vote to accept or reject the Plan.

1. What is an Allowed Claim?

Only a holder of a Claim or an Interest that is Allowed has the right to vote on the Plan. Generally, a Claim or Interest is allowed if either (1) the Debtor has scheduled the Claim or Interest on the Debtor's schedules, unless the Claim or Interest has been scheduled as disputed, contingent, or unliquidated, or (2) the holder has filed a proof of claim or interest, unless an objection has been filed to such proof of claim or interest. When a Claim or Interest is not allowed, the holder cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the Claim or Interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was May 23, 2016 for all non-governmental units and July 5, 2016 for all governmental units.

2. What is an Impaired Claim?

As noted above, the holder of an Allowed Claim or Interest has the right to vote only if it is in a class that is Impaired under the Plan. As provided in § 1124 of the Code, a Claim or Interest is considered Impaired if the Plan alters the legal, equitable, or contractual rights of the members of that Class.

3. Who is Not Entitled to Vote?

The holders of the following types of Claims and Interests are not entitled to vote:

- holders of Claims and Interests that have been disallowed by an order of the Court;
- holders of Claims and Interests that are not Allowed Claims or Allowed Interests, unless they have been Allowed for voting purposes.
- holders of Claims or Interests in Unimpaired Classes;
- holders of Claims entitled to priority pursuant to §§ 507(a)(2), (a)(3) and (a)(8) of the Code;
- holders of Claims or Interests in Classes that do not receive or retain any value under the Plan; and
- Administrative Expenses.

Even if you are not entitled to vote on the Plan, you have a right to object to confirmation of the Plan.

4. Who Can Vote in More than One Class?

A creditor whose Claim has been Allowed in part as a Secured Claim and in part as an Unsecured Claim, or who otherwise holds claims in multiple Classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If Impaired Classes exist, the Court cannot confirm the Plan unless (1) at least one Impaired Class has accepted the Plan without counting the votes of any insiders within that Class, and (2) all Impaired Classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes as discussed below in Section B.2.

1. Votes Necessary for a Class to Accept the Plan

A Class of Claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the Allowed Claims in the Class cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the Allowed Claims in the Class cast their votes to accept the Plan. A Class of Interests accepts the Plan if the holders of more than two thirds (2/3) in amount of the Allowed Interests of the Class cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more Impaired Classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting Classes are treated in the manner prescribed by 11 U.S.C. § 1129(b). A plan that binds nonaccepting Classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes or of Claims or Interests if it meets all the requirements for consensual confirmation except the voting requirements of 11 U.S.C. § 1129(a)(8), does not "discriminate unfairly" and is "fair and equitable" toward each Impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cram down" confirmation will affect your Claim or Interest, as the variations on this general rule are numerous and complex.

XI. Effect of Confirmation of the Plan

A. Discharge of Debtor

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in §1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in §1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii)

of a kind specified in §1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. INJUNCTIONS RELATED TO DISCHARGE

Except as otherwise expressly provided in the Plan, the Confirmation Order or a separate order of the Court, all Persons who have held, hold or may hold Claims against or Equity Interests in the Debtor, are permanently enjoined, on and after 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 Equity Interest against the Debtor, (ii) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Debtor on account of any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any Lien or asserting control of any kind against the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest and (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or against the property or interests in property of the Debtor on account of any such Claim or Equity Interest. Such injunctions shall extend to successors of the Debtor (including, without limitation, the Reorganized Debtor) and their respective properties and interests in property.

C. INJUNCTION AGAINST INTERFERENCE WITH THE PLAN

Upon the entry of a Confirmation Order with respect to the Plan, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to

interfere with the implementation or consummation of the Plan, except with respect to actions any such entity may take in connection with the pursuit of appellate rights.

D. Modification of Plan

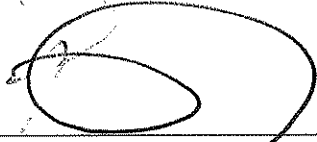
The Plan Proponent may modify or supplement the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. “Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.”

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E. Filing of Monthly Reports and Payment of Quarterly US Trustee Fees

Once the Plan is substantially consummated and a Final Decree is entered, the Debtor in Possession will no longer be required to file with the Court and U.S. Trustee a monthly and/or quarterly operating report or pay U.S. Trustee's fees.

PREMIER WELLNESS CENTERS LLC, Debtor

By: 
William Jensen, Managing Member

Markarian Frank & Hayes
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(561) 626-4700
(561) 627-9479-fax

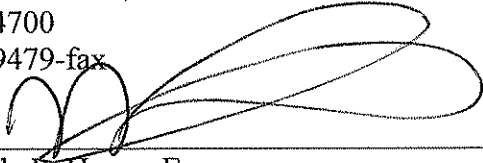
By: 
Malinda L. Hayes, Esq.
Florida Bar No.: 0073503

EXHIBIT A

Plan of Reorganization

[See ECF#129]

EXHIBIT B

Summary of Monthly Operating Report for September 2016 (ECF#125)

B 25C (Official Form 25C) (12/08)

UNITED STATES BANKRUPTCY COURT

Southern District of Florida

In re Premier Wellness Centers LLC
Debtor

Case No. Case 16-10191-PGH

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: September 2016

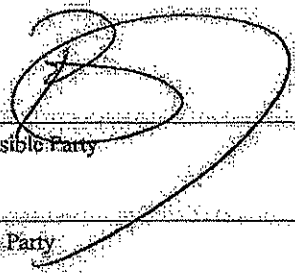
Date filed: _____

Line of Business: Chiropractic & Wellness Center

NAISC Code: 621310

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:



Original Signature of Responsible Party

William Jensen

Printed Name of Responsible Party

Questionnaire: *(All questions to be answered on behalf of the debtor.)*

| | Yes | No |
|---|-------------------------------------|-------------------------------------|
| 1. IS THE BUSINESS STILL OPERATING? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. DID YOU PAY YOUR EMPLOYEES ON TIME? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

B 25C (Official Form 25C) (12/08)

- 14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH?
- 15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?
- 16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?
- 17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH?
- 18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS?

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL INCOME \$ 82725

SUMMARY OF CASH ON HAND

Cash on Hand at Start of Month \$ 100.00
 Cash on Hand at End of Month \$ -429

PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU **TOTAL** \$ -329

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. *(THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)*

TOTAL EXPENSES \$ 95171

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH *(TOTAL FROM EXHIBIT B)* \$ 82725

EXPENSES FOR THE MONTH *(TOTAL FROM EXHIBIT C)* \$ 95171

(Subtract Line C from Line B) **CASH PROFIT FOR THE MONTH** \$ -12446

B 25C (Official Form 25C) (12/08)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 13033

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ 367410

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? 16
NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? 15

PROFESSIONAL FEES

BANKRUPTCY RELATED:

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0
TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 16500

NON-BANKRUPTCY RELATED:

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD? \$ 0
TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE? \$ 0

B 25C (Official Form 25C) (12/08)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

| | Projected | Actual | Difference |
|-------------|-----------------|------------------|------------------|
| INCOME | \$ <u>96500</u> | \$ <u>82725</u> | \$ <u>-13775</u> |
| EXPENSES | \$ <u>94409</u> | \$ <u>95171</u> | \$ <u>-762</u> |
| CASH PROFIT | \$ <u>2091</u> | \$ <u>-12446</u> | \$ <u>-14537</u> |

| | |
|---|-----------------|
| TOTAL PROJECTED INCOME FOR THE NEXT MONTH: | \$ <u>96500</u> |
| TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH: | \$ <u>95077</u> |
| TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH: | \$ <u>1423</u> |

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

Exhibit C
Claims Analysis

EXHIBIT C**List of Scheduled, Undisputed Unsecured Claims in which the Claimant did not also file a Proof of Claim**

| Claimant Name | Type of Claim | Description Pursuant to Schedules Filed | Amount Claimed |
|----------------------------------|--------------------------|--|---------------------------------|
| ADP (acct#1923) | Unsecured Nonpriority | Payroll Services | \$226.16 |
| Alma Goldstein | Unsecured Nonpriority | Business Loan | \$85,307.00 *\$54,307 due |
| Biowaste LLC | Unsecured Nonpriority | Bio waste disposal service | \$200.00 |
| Brian Lipari MD | Unsecured Nonpriority | Pending state court proceeding | \$2,297.24 *\$0 due |
| Daniel Drubin | Unsecured Nonpriority | Business Loan | \$20,000.00 |
| Dean Mead | Unsecured Nonpriority | Legal Services | \$10,698.00 |
| eClinicalWorks (acct#0625) | Unsecured Nonpriority | Service | \$5,757.39 |
| eClinicalWorks (acct#5568) | Unsecured Nonpriority | Service | \$5,212.50 |
| First Data Global Leasing | Unsecured Nonpriority | Service | \$58.03 |
| Florida Department of Health | Unsecured Nonpriority | Unpaid permit fees | \$120.00 |
| Florida Healthcare Lawfirm | Unsecured Nonpriority | Legal Fees | \$4,110.00 |
| JP Morgan Chase Bank (acct#3997) | Unsecured Nonpriority | Revolving business credit card charges | \$27,171.00 |
| JP Morgan Chase Bank (acct#4742) | Unsecured Nonpriority | Revolving business credit card charges | \$11,092.00 |
| Karen Jensen | Unsecured Nonpriority | Business Loan (incurred 7/23/15 – 11/5/15) | \$45,538.00 *\$25,538.00 due |
| Lamar Advertising Co of Lakeland | Unsecured Nonpriority | Advertising | \$1,600.00 |
| Mann RC, LLC | Unsecured Nonpriority | Final Summary Judgment | \$108,384.86 |
| Pro Practice Partners | Unsecured Nonpriority | Consulting Fees | \$23,723.00 |
| Rizzolo Group | Unsecured Nonpriority | Tax Services | \$2,928.00 *\$0 due |
| Rocktape | Unsecured Nonpriority | Premier blue custom tape | \$5,400.00 |

| | | | |
|--------------------------------------|-----------------------|---------------|-------------------------|
| Seabreeze Publications, Inc. | Unsecured Nonpriority | Advertising | \$3,660.00 |
| Snyder Marketing Solutions, Inc. | Unsecured Nonpriority | Marketing | \$139,500.00 |
| Soundtech Security, Inc. | Unsecured Nonpriority | Service | \$101.18 |
| Trad Health, LLC | Unsecured Nonpriority | Past due rent | \$26,792.57 *\$0 due |
| Wolf Air Conditioning & Heating Inc. | Unsecured Nonpriority | Service | \$300.00 |
| TOTAL | | | \$447,159.12 |

List of Unsecured Claims Filed Against Debtor

| Claim No. | Claimant Name | Type of Claim | Description Pursuant to Proof of Claim Filed | Amount Claimed/ (Amount Scheduled) |
|--------------|--|-----------------------|---|------------------------------------|
| 1 | Jones, Foster, Johnston & Stubbs, P.A. | Unsecured Nonpriority | Attorney's Fees (Professional Legal Services Performed) | \$8,554.99 |
| 2 | Pitney Bowes (not scheduled) | Unsecured Nonpriority | Goods Sold | \$3,933.73 |
| 4 | The Morganti Group, Inc. | Unsecured Nonpriority | Services Provided | \$327,206.98 |
| 5 | Wells Fargo Vendor Financial Services, LLC (not scheduled) | Unsecured Nonpriority | Executory Contract/Unexpired Lease | \$935.09 |
| 6 | Stuart North, LLC | Unsecured Nonpriority | Breach of Guaranty Agreement | \$307,237.73 |
| 7 | McKesson Medical-Surgical, Inc. | Unsecured Nonpriority | Goods Sold | \$8,328.64 |
| 9 | JPMorgan Chase Bank, N.A. (acct#6003) | Unsecured Nonpriority | Money Loaned | \$51,941.83 |
| 10 | JPMorgan Chase Bank, (acct#6004) | Unsecured Nonpriority | Money Loaned | \$102,862.82 |
| TOTAL | | | | \$918,678.65 |

List of Unsecured Debt Stripped From Secured Claims

| Claim No. | Claimant Name | Type of Claim | Description Pursuant to Proof of Claim Filed | Amount Claimed |
|--------------|---------------------|---------------|--|--------------------|
| 3 | Fundation Group LLC | Unsecured | Business Loan | \$45,333.24 |
| TOTAL | | | | \$45,333.24 |

List of Secured Claims Filed Against Debtor

| Claim No. | Claimant Name | Type of Claim | Description Pursuant to Proof of Claim Filed | Amount Claimed |
|--------------|---------------------------|---------------|--|---------------------|
| 3 | Fundation Group LLC | Secured | Business Loan | \$103,296.07 |
| 8 | JPMorgan Chase Bank, N.A. | Secured | Money Loaned | \$308,232.17 |
| TOTAL | | | | \$411,528.24 |

List of scheduled Priority Tax Claims in which the Claimant did not also file a Proof of Claim

| Claimant Name | Description Pursuant to Schedules Filed | Priority | Secured | Unsecured | Amount Claimed |
|--------------------------------|--|------------|---------|-----------|-------------------|
| St. Lucie County Tax Collector | Unpaid Tangible Personal Property Tax (2015) | \$4,601.14 | | | \$4,601.14 |
| Total | | | | | \$4,601.14 |

List of Priority Tax Claims Filed Against Debtor

| Claim No. | Claimant Name | Type of Claim | Description Pursuant to Proof of Claim Filed | Amount Claimed |
|--------------|---------------|---------------|--|----------------|
| | | | | |
| TOTAL | | | | \$ |

List of scheduled Disputed Claims in which the Claimant did not also file a Proof of Claim

| Claimant Name | Description Pursuant to Schedules Filed | Priority | Secured | Unsecured | Amount Claimed |
|-------------------|---|----------|---------|----------------|-----------------------|
| Cigna | | | | \$1,412,423.20 | \$1,412,423.20 |
| Timepayment Corp. | Unsecured claim for breach of lease | | | | unknown |
| Total | | | | | \$1,412,423.20 |

Exhibit D

Projections of Cash Flow and Earnings for Post-Confirmation Period

