

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:

HAMKEI GENERATION, INC.,

Debtor.

CHAPTER 11

CASE NO. 17-11361-whd

DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION

Dated this 19th day of December, 2017

Filed by:

HAMKEI GENERATION, INC.,

Debtor and Debtor in Possession

Attorneys for Debtor in Possession:

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21 Eighth Street, NE
Atlanta, Georgia 30309
(404) 564-9300**

I. Introduction and General Information

This disclosure statement (“Disclosure Statement”) is submitted by Hamkei Generation, Inc. (“Debtor”), to provide information to parties in interest about the Chapter 11 Plan (“Plan”) filed by Debtor. This introductory section is qualified in its entirety by the detailed explanations which follow and the provisions of the Plan.

This Disclosure Statement sets forth certain information regarding Debtor’s prepetition history and events that have occurred during Debtor’s Chapter 11 case. This Disclosure Statement also describes the Plan, alternatives to the Plan, effects of confirmation of the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and voting procedures that holders of Claims in Impaired Classes must follow for their votes to be counted.

Parties voting on the Plan should read both the Plan and this Disclosure Statement.

A. Definitions

Unless otherwise defined, capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan. In the event of an inconsistency between the Disclosure Statement and the Plan, the terms of the Plan shall govern and such inconsistency shall be resolved in favor of the Plan. The Filing Date, as defined in the Plan, shall mean June 26, 2017, and the Effective Date, as defined in the Plan, shall mean the date that is 60 days after the entry of a Confirmation Order.

B. The Disclosure Statement

The primary purpose of this Disclosure Statement is to provide parties entitled to vote on the Plan with adequate information so that they can make a reasonably informed decision prior to exercising their right to vote to accept or reject the Plan.

The Bankruptcy Court’s approval of this Disclosure Statement constitutes neither a guaranty of the accuracy or completeness of the information contained herein, nor an endorsement of the Plan by the Bankruptcy Court.

When and if confirmed by the Bankruptcy Court, the Plan will bind Debtor and all holders of Claims against and Interests in Debtor, whether or not they are entitled to vote or did vote on the Plan and whether or not they receive or retain any Distributions or property under the Plan. Thus, you are encouraged to read this Disclosure Statement carefully. In particular, holders of Impaired Claims who are entitled to vote on the Plan are encouraged to read this Disclosure Statement, the Plan, and any exhibits to the Plan and Disclosure Statement, carefully and in their entirety before voting to accept or reject the Plan. This Disclosure Statement contains important information about the Plan, the method and manner of distributions under the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning this case.

II. Voting on the Plan and Confirmation Process

A. Voting Instructions

Accompanying this Disclosure Statement are copies of the following documents: (1) the Plan; and (2) a Ballot to be executed by holders of Claims in Classes 1 through 10 to accept or reject the Plan. The Ballot contains voting instructions. Please read the instructions carefully to ensure that your vote will count.

The Disclosure Statement, the form of Ballot, and the related materials delivered together herewith (collectively, the "Solicitation Package"), are being furnished to Holders of Claims in Classes 1 through 10 for the purpose of soliciting votes on the Plan.

If you did not receive a Ballot in your Solicitation Package, and believe that you should have received a Ballot, please contact Jones & Walden, LLC, 21 Eighth Street, NE, Atlanta, Georgia 30309, (404) 564-9300 (Attn: Leslie M. Pineyro, Esq.).

In order for your Ballot to count, it must be received within the time indicated on the Ballot and the Ballot must clearly indicate your Claim, the Class of your Claim and the amount of your Claim.

By enclosing a Ballot, Debtor is not admitting that you are entitled to vote on the Plan, is not admitting that your Claim is allowed as set forth on the Ballot, and is not waiving any right to object to your vote or your Claim.

B. Who May Vote

Only a holder of an Allowed Claim classified in an Impaired Class is entitled to vote on the Plan. As set forth in section 1124 of the Bankruptcy Code, a class is "Impaired" if legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified or altered.

Any class that is "unimpaired" is not entitled to vote to accept or reject a plan of reorganization and is conclusively presumed to have accepted the Plan.

A Claim must be "allowed" for purposes of voting in order for such creditor to have the right to vote. Generally, for voting purposes a Claim is deemed "allowed" absent an objection to the Claim if (1) a proof of claim was timely filed, or (ii) if no proof of claim was filed, the Claim is identified in Debtor's Schedules as other than "disputed," "contingent," or "unliquidated," and an amount of the Claim is specified in the Schedules, in which case the Claim will be deemed allowed for the specified amount. In either case, when an objection to a Claim is filed, the creditor holding the Claim cannot vote unless the Bankruptcy Court, after notice and hearing, either overrules the objection, or allows the Claim for voting purposes.

Debtor in all events reserves the right through the claim reconciliation process to object to or seek to disallow any claim for distribution purposes under the Plan.

C. Requirements of Confirmation

The Bankruptcy Court can confirm the Plan only if all the requirements of § 1129 of the Bankruptcy Code are met. Those requirements include the following:

1. The Plan classifies Claims and Interests in a permissible manner;
2. The contents of the Plan comply with the technical requirements of the Bankruptcy Code;
3. The Plan has been proposed in good faith and not by any means forbidden by law;
4. The disclosures concerning the Plan are adequate and include information concerning all payments made or promised in connection with the Plan, as well as the identity, affiliations, and compensation to be paid to all officers, directors, and other insiders; and
5. The principal purpose of the Plan is not the avoidance of tax or the avoidance of the securities laws of the United States.

In addition to the confirmation requirements described above, Debtor hopes that the Plan will be approved by all Impaired Classes of Claims entitled to vote. If, however, the Plan has not been approved by all Impaired Classes of Claims, the Court may nevertheless “cram down” the Plan over the objections of a dissenting Class. The Plan may be “crammed down” so long as it does not discriminate unfairly, is fair and equitable with respect to each dissenting Class of Claims, and at least one Impaired Class has voted in favor of the Plan without regard to any votes of insiders. If necessary, Debtor will seek to “cram down” the Plan.

D. Acceptance or Rejection of the Plan and Cram Down

The Class containing your Claim will have accepted the Plan by the favorable vote of a majority in number and two-thirds in amount of Allowed Claims actually voting. In the event that any Impaired Class of Claims does not accept the Plan, the Bankruptcy Court may still confirm the Plan if an Impaired Class accepts it and if, as to each Impaired Class that has not accepted the Plan, the Plan “does not discriminate unfairly” and is “fair and equitable.” If you hold an Allowed Secured Claim, the Plan is fair and equitable if: (a) you retain your lien and receive deferred cash payments totaling the allowed amount of your Allowed Secured Claim, (b) the collateral is sold and your Lien attaches to the proceeds of the sale, or (c) you are otherwise provided with the “indubitable equivalent” of your Allowed Secured Claim. If you hold a Claim that is not an Allowed Secured Claim, and is not entitled to priority under § 507 of the Bankruptcy Code, the Plan is fair and equitable if you receive property of a value equal to the allowed amount of your Claim or if no junior Class receives or retains under the Plan on account of such junior interest any property.

E. Confirmation Hearing

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan (“Confirmation Hearing”) at the time indicated in the Order Conditionally Approving this Disclosure Statement and providing Notice of Confirmation Hearing (the “Solicitation Order”). The Confirmation Hearing may be adjourned from time to time without further notice except for announcement at the Confirmation Hearing or notice to those parties present at the Confirmation Hearing. At the Confirmation Hearing, the Court will determine the value of collateral and extent to which claims are secured pursuant to 11 U.S.C. §506(a) and Rule 3012.

F. Objections to Confirmation

As will be set forth in the Solicitation Order, any objections to confirmation of the Plan must be in writing, set forth the objector's standing to assert any such objection, and must be filed with the Bankruptcy Court and served on counsel for Debtor. The Solicitation Order contains all relevant procedures relating to the submission of objections to confirmation and should be reviewed in its entirety by any party who has an objection to confirmation.

G. Whom to Contact for More Information

If you have any questions about the procedure for voting on your Claim or the packet of materials you received, please contact Leslie M. Pineyro at Jones & Walden, LLC at the address indicated below or by telephone at (404) 564-9300.

If you wish to obtain additional copies of the Plan, this Disclosure Statement, or the exhibits to those documents, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), please contact Jones & Walden, LLC by one of the following methods:

Via U.S. Mail:
Jones & Walden, LLC
21 Eighth Street, NE
Atlanta, GA 30309
Attn: Lauren Pitts

Via Facsimile:
(404) 564-9301
Attn: Lauren Pitts

Via Email:
lpitts@joneswalden.com

III. Historical Background

A. Description of Debtor and Reasons for Filing Chapter 11

Debtor is a Georgia corporation formed in 2006. Debtor operates a gas station and convenience store (collectively the "Store") located at 505 Vernon Street, LaGrange, Troup County, Georgia 30240 (the "Real Property"). Debtor was formed in 2006 and acquired the Store as an operating business together with the Real Property. Kennin Sato and Joyce Sato each own 50% of the shares in the Debtor. Mr. Sato provides full-time services to the Debtor running the day to day operations and business management of the Store. Debtor currently employs 3 additional employees at the Store. Ms. Sato owns Umami, Inc. dba 505 Eats, which operates a restaurant on the Debtor's Real Property in space leased from Debtor for monthly rent of \$800.00. 505 Eats is current on its rental obligation to Debtor. Debtor is a lottery dealer and is current on all of its obligations with the Georgia Lottery.

Debtor's Real Property is located in downtown LaGrange close to LaGrange College and the Kia automobile plant. A large portion of Debtor's business is generated from college students and workers at the Kia plant. During the recent economic recession, Debtor was able to mitigate the effects of such by the Kia plant employees, as most of the plant employees were receiving overtime pay and had ample discretionary spending power. However, in the fall of 2016, Kia began reducing work hours for many of its employees at the plant to below full-time, which has directly impacted the local economy, including Debtor's business.

Debtor purchased the Real Property and Store with assistance from funding from Cornerstone Bank pursuant to a U.S. Small Business Association Loan in July 2006 in the original principal amount of \$1,270,000.00, with a 25-year maturity date, and an adjustable

interest rate (adjusting monthly) of prime plus 1%. Debtor’s initial payments were \$10,656.79 per month based on interest at 9% annually (the prime rate on the date the SBA received Debtor’s loan application plus 1%). Due to the adjustable interest rate, Debtor’s required monthly payments fluctuated over time. Over the course of the loan, Debtor approached Cornerstone regarding a refinancing of the loan into fixed terms. However, Cornerstone informed Debtor that due to its capital restraints it could not refinance the loan. However, during the term of the loan, Debtor remained current on such payments until the Fall of 2016 when its business declined due to Kia’s reduced output at its LaGrange plant and reduced hours for its employees. Debtor is now seeking to reorganize based on the current local economy, which directly impacts Debtor’s business. Debtor anticipates that business will recover somewhat when anticipated economic developments come to fruition. Importantly, in the works for development in LaGrange are (i) a Great Wolf Lodge indoor waterpark resort to open in 2018, (ii) a Sentury Tire facility slated to open in 2019 and produce 1,000 jobs, and (iii) a 90-room Courtyard by Marriott opening in late 2017. LaGrange is currently seeking to create 8,000 jobs over the next 5 years, which will have a direct positive impact on Debtor’s business.

B. Pre and Post-Petition Management

Debtor is currently managed by Kennin Sato, Debtor’s CEO, who runs Debtor’s day to day operations. Joyce Sato serves as Debtor’s CFO and Secretary but does not run Debtor’s day to day operations. Kennin Sato and Joyce Sato will continue in their respective roles after confirmation. Debtor anticipates paying Kennin Sato compensation as set forth on the attached budget. Joyce Sato does not receive compensation from Debtor, and Debtor does not intend to pay any compensation to Joyce Sato after confirmation.

C. Prepetition Assets and Liabilities

a. Debtor’s pre-petition assets consisted of the following as of the Filing Date:

Property	Filing Date Value
505 Vernon Street, LaGrange, GA	Unknown
Cash	\$1,100.00
CB&T Operating Account	\$1,055.20
Finished Goods (Inventory)	\$43,500.00
Furnishings and Fixtures	\$20,000.00
Claims against All Star, Inc. and Larry Lee Simmons (its owner) related to interference with Debtor’s COAM business.	Unknown

b. Debtor’s pre-petition liabilities as of the Filing Date consist of secured claims scheduled in the amount of \$971,284.00, priority claims scheduled in the amount of \$7,662.50 and general unsecured claims in the amount of \$33,624.33.

IV. The Chapter 11 Case

A. Professionals

Debtor filed an application requesting authorization to retain the law firm of Jones & Walden, LLC to serve as bankruptcy counsel in this Case. The Court entered an Order approving the application.

Debtor filed an application requesting authority to retain JH & Associates LP as debtor's accountant during this Case. The Court entered an order approving the application.

B. Cash Collateral

On June 28, 2017, the Court entered an "Interim Cash Collateral Order" (Doc. No. 15) authorizing Debtor's use of cash collateral in which Cornerstone Bank asserts a first priority lien and providing adequate protection payments to Cornerstone Bank in the amount of \$4,100.00 per month commencing July 17, 2017. On July 20, 2017, the Court entered a "Final Cash Collateral Order" (Doc. No. 29) authorizing Debtor's use of cash collateral on a final basis and authorizing continued payment of \$4,100.00 per month to Cornerstone Bank. Debtor has made all adequate protection payments pursuant to the Cash Collateral Orders.

C. Georgia Lottery Contracts

On July 24, 2017, the Court entered a "Consent Order Authorizing Debtor to Assume Georgia Lottery Corporation Retailer Contract (Subject to Objection)" (Doc. No. 32) ("Lottery Order") to which no objection was filed by the objection deadline, and the Lottery Order became a final order. In the Lottery Order, the Court authorized Debtor's assumption of lottery retailer contracts between Debtor and the Georgia Lottery Commission. On the Filing Date, Debtor was in compliance with the Georgia Lottery Contracts, and Debtor has remained in compliance with the Georgia Lottery Contracts during this Case.

D. Financial Projections

Debtor's post-confirmation financial projections are set forth on **Exhibit "A"** hereto.

E. Bar Order

On July 26, 2017, the Court entered an order (Doc. No. 35) (the "Bar Order") setting October 2, 2017 as the deadline for filing proofs of claim as further detailed in the Bar Order ("Bar Date"). In accordance with the Bar Order:

Any creditor or party-in-interest whose claim is set forth in the Schedules in the correct amount and is not shown as disputed, contingent, or unliquidated as to amount, may, but need not, file a proof of claim in this case. Unless barred by previous order of the Bankruptcy Court, creditors and parties-in-interest whose claims are not scheduled, are scheduled in an incorrect amount or are scheduled as disputed, contingent or unliquidated and who desire to participate in the case and share in any distribution must file proofs of claim on or before the Bar Date.

...

[A]ny creditor and any party-in-interest whose is required to file a proof of claim and who fails to do so by the above deadline shall be forever barred, estopped and enjoined from asserting the claim against Debtor and this estate and shall be barred from participating in any plan of reorganization that may be confirmed in this Chapter 11 proceeding.

V. Summary of the Plan

The following summary of the Plan provides only a brief description of its provisions. The summary is qualified in its entirety by the more detailed descriptions of the Plan in the Disclosure Statement and by the terms of the Plan itself.

The Plan provides for payments to creditors of Debtor. Debtor believes that any alternative to confirmation of the Plan, such as liquidation, would result in significant delays, litigation, and/or impaired recoveries. **For these reasons, Debtor urges you to return your Ballots accepting Debtor's Plan.**

The Plan contemplates the reorganization and ongoing business operations of Debtor and the resolution of the outstanding Claims against and Interests in Debtor pursuant to sections 1129(b) and 1123 of the Bankruptcy Code. The Plan classifies all Claims against and Interests in Debtor into separate Classes.

VI. Description of the Plan

A. Retention of Property by Debtor

Upon confirmation, Debtor will retain all of the property of the estate free and clear of liens, claims, and encumbrances not expressly retained by Creditors. Debtor will have the rights and powers to assert any and all Causes of Action (defined as all causes of action, choses in action, claims, rights, suits, accounts or remedies belonging to or enforceable by Debtor, including Avoidance Actions, whether or not matured or unmatured, liquidated or unliquidated, contingent or noncontingent, known or unknown, or whether in law or in equity, and whether or not specifically identified in Debtor's schedules). Debtor specifically reserves any cause of action related to monies or receivables due. Neither the Disclosure Statement nor Plan shall be deemed a waiver of any right of Debtor to collect any receivable or right to payment under any applicable laws. Debtor expressly reserves the right to exercise any and all remedies available to Debtor regarding its accounts receivable or rights to payment at law or in equity, at such time or times as Debtor from time to time may elect. The Disclosure Statement and Plan are filed with a full reservation of rights. Debtor specifically reserves any and all claims against All Star, Inc. and Larry Lee Simmons related to interference with Debtor's COAM business and any and all damages arising thereof including claims for punitive damages, attorney's fees, and costs.

B. Parties Responsible for Implementation of the Plan

Upon confirmation, Debtor will be charged with administration of the Case. Debtor will be authorized and empowered to take such actions as are required to effectuate the Plan. Debtor will file all post-confirmation reports required by the United States Trustee's office. Debtor will also file the necessary final reports and will apply for a final decree as soon as practicable after substantial consummation of the Plan, the completion of the claims analysis and objection process. Debtor may be authorized to reopen this case after the entry of a Final Decree to enforce the terms of the Plan including for the purpose of seeking to hold a party in

contempt or to enforce the confirmation or discharge injunction or otherwise afford relief to Debtor. The fee associated with the Debtor's motion to reopen Debtor's case may be waived, and Debtor may not be responsible for payment of such to the Clerk of Court for the Bankruptcy Court of the Northern District of Georgia or otherwise.

C. Liabilities of Debtor

Debtor will not have any liabilities except those expressly assumed under the Plan. Debtor will be responsible for all ongoing expenses and payments due and owing under the confirmed Plan upon the terms provided in the confirmed Plan.

D. Funding of the Plan

Debtor will fund the Plan from the continued operation of the Store as set forth on Exhibit "A" hereto. Debtor will fund administrative claims from the "new value" set forth in Class 10 or from contributions from Kennin Sato or his friends or family members if Class 10 is not applicable.

E. Provisions Regarding Executory Contracts

Debtor previously assumed lottery retails contracts with the Georgia Lottery Commission (the "Georgia Lottery Contracts") pursuant to the Lottery Order (Doc. No. 32). Debtor is current on its obligations pursuant to the Georgia Lottery Contracts and will remain current.

Any other unexpired leases or executory contracts which are not assumed herein or are the subject of a pending motion to assume as of the Effective Date shall be deemed rejected pursuant to Section 365 of the Bankruptcy Code on the Effective Date. A proof of claim for damages arising from such rejection must be filed in compliance with the Bankruptcy Rules on or before thirty (30) days after the Confirmation Date or such other date as provided by law. Any claim for an administrative expense must be timely asserted or shall be barred. Any claims which are not timely filed will be disallowed and discharged.

F. Avoidance Actions and Retained Rights

The Plan provides that Debtor shall retain all rights of action against others. The Plan also provides that Debtor shall retain "Avoidance Actions" under Chapter 5 of the Bankruptcy Code. Debtor may also have Claims against others which are retained. Notwithstanding the foregoing, Debtor is reviewing records and is not aware of any preference claims or fraudulent conveyance claims but reserves the right to bring any such claims under state or federal law if later discovered. Debtor specifically reserves any claims against All Star, Inc. and Larry Lee Simmons related to interference with Debtor's COAM business and the transactions and occurrences surrounding the same. Debtor may also have Claims against others which are retained. Notwithstanding the foregoing, Debtor is reviewing records and is not aware of any fraudulent conveyance claims.

Debtor is in the process of analyzing the validity of the claims of creditors listed on its schedules as well as the filed proofs of claim. To the extent that Debtor disputes the validity of any such claims, Debtor will undergo the business analysis of the cost of prosecuting the same versus the benefit the estate would receive and proceed accordingly.

G. Treatment of Claims and Interests

A brief summary of the Classes, the treatment of each Class, and the voting rights of each Class is set forth below. A complete description of the treatment of each Class is set forth in Article 4 of the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims.

Debtor reserves the right to pay any claim in full at any time in accordance with the terms of the Plan (i.e. at the percentage distribution designated in the Plan and including any accrued and unpaid interest, if any) without prepayment penalty.

6.1 Class 1: Secured or Priority Tax Claim of the Internal Revenue Service

Class 1 shall consist of any Secured Claim or Priority Tax Claim held by the Internal Revenue Service (the "IRS") which was assessable or due and payable prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) (the "Class 1 IRS Tax Claim"). Debtor is not aware of any claim held by the IRS. On July 7, 2017, the IRS filed proof of claim number 1 asserting a claim in the amount of \$2,642.27 consisting of an estimated liability for WT-FICA for period June 30, 2017 in the amount of \$2,409.73 and FUTA for December 31, 2017 in the amount of \$132.54. Debtor is current on its tax filings and payments, and does not anticipate owing any amounts to the IRS. However, in the event the Court determines the IRS holds an Allowed Class 1 IRS Tax Claim for secured or priority taxes, Debtor shall pay such Allowed Class 1 IRS Tax Claim in full in equal monthly payments commencing on the 28th day of the first full month following the Effective Date and continuing by the 28th day of each subsequent month (or the next Business Day if the 28th day is not a Business Day) with interest accruing at the annual rate of 4% unless the IRS agrees to a lower interest rate or longer payment term. Any third-party payments or payments more than the scheduled distribution pursuant to Class 1 received by IRS after the Filing Date shall be applied to the principal tax obligation owed by Debtor pursuant to Class 1. Notwithstanding anything to the contrary herein, Debtor shall pay the full amount of the Allowed Class 1 IRS Tax Claim within 5 years of the Filing Date (i.e. June 27, 2022) unless the IRS agrees to a longer payment term, which such agreement may be communicated by continued acceptance of monthly payments after June 27, 2022.

The Court established October 2, 2017 as the Bar Date for filing proofs of claim. After the Bar Date any claim asserted, assertable or assessable by the IRS on or before the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i): (i) shall be time barred and fixed as provided in the Plan (i.e. at \$2,642.27, subject to Debtor's right to object to the same) and (ii) any other, additional or amended claim assessable on or prior to the Filing Date shall be disallowed in its entirety and forever discharged. Debtor will pay any claim of the IRS assessable, arising prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) on the terms herein, and the IRS shall be permanently enjoined from seeking payment for more than the amounts provided for in the Plan for such claims.

A failure by the Debtor to make a payment under Class 1 to the IRS pursuant to the terms of the Plan shall be an event of default as to the IRS. In the event of a default under Class 1, the IRS must send a Default Notice to Debtor in accordance with Article 2.3 of the Plan. Such Default Notice must contain the reason for the default and if such default is monetary, the amount of the default and amount necessary to cure the default and the address for payment,

which will accept overnight deliveries. Receipt by Debtor's Attorney shall not be deemed receipt by Debtor of the required Default Notice. In the event of an uncured default in payments under Class 1 to the IRS and following proper Default Notice procedures and opportunity to cure pursuant to Article 2.3 of the Plan, the IRS may (a) enforce the entire amount of its then outstanding Allowed Class 1 IRS Tax Claim; (b) exercise any and all rights and remedies it may have under applicable non-bankruptcy law regarding the Allowed Class 1 IRS Tax Claim; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The amount of any claim of the IRS that is not any claim asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and the right of the IRS, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of the IRS would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to section 1141 of the Bankruptcy Code. However, the rights and treatment of the IRS and obligations and liability of Debtor or its property regarding any claim of the IRS against Debtor which was assessable prior to the Filing Date shall be treated and fixed in accordance with the Plan, and any additional or other claims assessable on or prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and not timely asserted by the IRS in accordance with the Bankruptcy Code and the Plan and in all instances prior to entry of the Confirmation Order, shall be forever barred. Debtor reserves the right to pay any tax claim in full at any time.

The Claim of the Class 1 Creditor is Impaired by the Plan and the holder of the Class 1 Claim is entitled to vote to accept or reject the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of such claim. Debtor reserves the right to object to any and all claims.

6.2 Class 2: Secured or Priority Tax Claim of Georgia Department of Revenue

Class 2 shall consist of any Secured Claim or Priority Tax Claim held by the Georgia Department of Revenue ("GDR") which was assessable or due and payable prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) (the "Class 2 GDR Tax Claim"). Debtor is not aware of any claim held by the GDR. The Court established October 2, 2017, as the Bar Date for filing proofs of claim. Debtor listed the GDR on its schedules for notice only. The Bar Date (October 2, 2017) has passed and, accordingly, any claim asserted or assertable by the GDR on or before the Filing Date: (i) shall be time barred and fixed at \$0.00 and (ii) any claim asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i) shall be disallowed in its entirety and forever discharged. However, in the event the Court determines the GDR holds an Allowed Class 2 GDR Tax Claim for secured or priority taxes, Debtor shall pay such Allowed Class 2 GDR Tax Claim in full within 60 months of the Filing Date in equal monthly payments commencing on the 28th day of the first full month following the Effective Date and continuing by the 28th day of each subsequent month (or the next Business Day if the 28th day is not a Business Day) with interest accruing at the annual rate of 7.25% unless the GDR agrees to a lower interest rate or longer payment term. Any third-party payments or payments more than the scheduled distribution pursuant to Class 2 received by GDR after the Filing Date shall be applied to the principal tax obligation owed by Debtor pursuant to Class 2. Notwithstanding anything to the contrary herein, Debtor shall pay the full amount of the Allowed Class 2 GDR Tax Claim within 5 years of the Filing Date (i.e. June 27, 2022) unless the GDR

agrees to a longer payment term, which such agreement may be communicated by continued acceptance of monthly payments after June 27, 2022.

A failure by the Debtor to make a payment under Class 2 to the GDR pursuant to the terms of the Plan shall be an event of default as to the GDR. In the event of a default under Class 2, the GDR must send a Default Notice to Debtor in accordance with Article 2.3 of the Plan. Such Default Notice must contain the reason for the default and if such default is monetary, the amount of the default and amount necessary to cure the default and the address for payment, which will accept overnight deliveries. Receipt by Debtor's Attorney shall not be deemed receipt by Debtor of the required Default Notice. In the event of an uncured default following proper Default Notice procedures and opportunity to cure pursuant to Article 2.3 of the Plan, the GDR may (a) enforce the entire amount of its then outstanding Allowed Class 2 GDR Tax Claim; (b) exercise any and all rights and remedies it may have under applicable non-bankruptcy law regarding the Allowed Class 2 GDR Tax Claim; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The amount of any claim of GDR claim that is not asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and the right of GDR, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of GDR would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to section 1141 of the Bankruptcy Code. However, the rights and treatment of GDR and obligations and liability of Debtor or its property regarding any claim of GDR against Debtor which was assessable prior to the Filing Date shall be treated and fixed in accordance with the Plan, and any additional or other claims assessable on or prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and not timely asserted by GDR in accordance with the Bankruptcy Code and the Plan and in all instances prior to entry of the Confirmation Order, shall be forever barred. Debtor reserves the right to pay any tax claim in full at any time.

The Claim of the Class 2 Creditor is Impaired by the Plan and the holder of the Class 2 Claim is entitled to vote to accept or reject the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of such claim. Debtor reserves the right to object to any and all claims.

6.3 Class 3: Priority and Secured Tax Claims of the Georgia Department of Labor

Class 3 shall consist of any Secured Claim or Priority Tax Claim held by the Georgia Department of Labor ("GDL") which was assessable or due and payable prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) (the "Class 3 GDL Tax Claim"). Debtor is not aware of any claim held by the GDL. The Court established October 2, 2017, as the Bar Date for filing proofs of claim. Debtor listed the GDL on its schedules for notice only. The Bar Date (October 2, 2017) has passed and, accordingly, any claim asserted or assertable by the GDL on or before the Filing Date: (i) shall be time barred and fixed at \$0.00 and (ii) any claim asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i) shall be disallowed in its entirety and forever discharged. However, in the event the Court determines the GDL holds an Allowed Class 3 GDL Tax Claim for secured or priority taxes, Debtor shall pay such Allowed

Class 3 GDL Tax Claim in full within 60 months of the Filing Date in equal monthly payments commencing on the 28th day of the first fully month following the Effective Date and continuing by the 28th day of each subsequent month (or the next Business Day if the 28th day is not a Business Day) with interest accruing at the annual rate of 7.25% unless the GDL agrees to a lower interest rate or longer payment term. Any third-party payments or payments more than the scheduled distribution pursuant to Class 3 received by GDL after the Filing Date shall be applied to the principal tax obligation owed by Debtor pursuant to Class 3. Notwithstanding anything to the contrary herein, Debtor shall pay the full amount of the Allowed Class 3 GDL Tax Claim within 5 years of the Filing Date (i.e. June 27, 2022) unless the GDL agrees to a longer payment term, which such agreement may be communicated by continued acceptance of monthly payments after June 27, 2022.

A failure by the Debtor to make a payment under Class 3 to the GDL pursuant to the terms of the Plan shall be an event of default as to the GDL. In the event of a default under Class 3, the GDL must send a Default Notice to Debtor in accordance with Article 2.3 of the Plan. Such Default Notice must contain the reason for the default and if such default is monetary, the amount of the default and amount necessary to cure the default and the address for payment, which will accept overnight deliveries. Receipt by Debtor's Attorney shall not be deemed receipt by Debtor of the required Default Notice. In the event of an uncured default following proper Default Notice procedures and opportunity to cure pursuant to Article 2.3 of the Plan, the GDL may (a) enforce the entire amount of its then outstanding Allowed Class 3 GDL Tax Claim; (b) exercise any and all rights and remedies it may have under applicable non-bankruptcy law regarding the Allowed Class 3 GDL Tax Claim; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The amount of any claim of GDL that is not asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and the right of GDL, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of GDL would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to section 1141 of the Bankruptcy Code. However, the rights and treatment of GDL and obligations and liability of Debtor or its property regarding any claim of GDL against Debtor which was assessable prior to the Filing Date shall be treated and fixed in accordance with the Plan, and any additional or other claims assessable on or prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and not timely asserted by GDL in accordance with the Bankruptcy Code and the Plan and in all instances prior to entry of the Confirmation Order, shall be forever barred. Debtor reserves the right to pay any tax claim in full at any time.

The Claim of the Class 3 Creditor is Impaired by the Plan and the holder of the Class 3 Claim is entitled to vote to accept or reject the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of such claim. Debtor reserves the right to object to any and all claims.

6.4 Class 4: Priority and Secured Tax Claims of Troup County, Georgia

Debtor scheduled the Troup County Tax Commissioner ("Troup County") as holding a priority tax claim consisting of 2017 ad valorem taxes and charges for Debtor's real property. As of the date hereof, Troup County as not filed a proof of claim. Debtor shows that the Class 4

Troup County Tax Claim consists of the following:

- (i) \$1,645.68 consisting of personal property and inventory property taxes for account P20855 ("2017 Personal Property Taxes"); and
- (ii) \$5,862.50 for 2017 ad valorem real property taxes for Parcel 0614B-024-001 ("2017 Real Property Taxes").

The allowed amount of taxes assessed, assessable, or due and payable on or prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) including the 2017 Personal Property Taxes and the 2017 Real Property Taxes are referred to herein as the "Class 4 Troup County Tax Claim."

The Court established October 2, 2017 as the Bar Date for filing proofs of claim. After the Bar Date any Troup County claim asserted, assertable, assessable or due and payable on or before the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i): (i) shall be time barred and fixed as provided in the Plan (i.e. at \$1,645.68 for the 2017 Personal Property Taxes and \$5,862.50 for the 2017 Real Property Taxes), subject to Debtor's right to object to the same and (ii) any other, additional or amended claim assessable on or prior to the Filing Date shall be disallowed in its entirety and forever discharged. Debtor shall pay any claim of Troup County asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) on the terms herein, and Troup County shall be permanently enjoined from seeking payment in excess of the amounts provided for in the Plan for such claims.

Debtor shall pay:

- (i) the Allowed 2017 Personal Property Taxes in 54 equal monthly payments of \$35.79 each commencing on the 28th day of the first full month following the Effective Date and continuing by the 28th day of each subsequent month (or the next Business Day if the 28th day is not a business day); and
- (ii) The Allowed 2017 Real Property Taxes in 54 equal monthly payments of \$127.55 each commencing on the 28th day of the first full month following the Effective Date and continuing by the 28th day of each subsequent month (or the next Business Day if the 28th day is not a business day); and

Interest shall accrue on the principal amount due on the Allowed Class 4 Troup County Tax Claim from the Effective Date at the annual rate of 7.25% or such lesser rate as (i) agreed to by Troup County or (ii) indicated on the applicable Troup County proof of claim. Any third-party payments or payments more than the scheduled distribution pursuant to Class 4 received by Troup County shall be applied to the principal tax obligation owed by Debtor pursuant to Class 4. Debtor's Class 4 payments shall be applied (i) first to interest accruing under the Plan, (ii) second to the principal balance and (iii) then to interest or fees which accrued prior to the Effective Date, if any. Notwithstanding anything to the contrary herein, Debtor shall pay the full amount of the Allowed Class 4 Troup County Tax Claim within 5 years of the Filing Date (i.e. June 27, 2022) unless Troup County agrees to a longer payment term, which such agreement may be communicated by continued acceptance of monthly payments after June 27, 2022. Upon request by Debtor, Troup County shall provide a payoff letter (within 5 business days of such request by Debtor) confirming the amount due on its Class 4 Troup County Tax Claims in accordance with the terms of the Plan. Such payoff letter shall provide for the release of the lien

on Debtor's property (both real, personal and intangible) upon receipt by Troup County of the amount due on the applicable Class 4 Troup County Tax Claim on the terms herein.

A failure by the Debtor to make a payment under Class 4 to Troup County pursuant to the terms of the Plan shall be an event of default under Class 4 as to applicable Class 4 Troup County Tax Claim. In the event of a default under Class 4, Troup County must send a Default Notice to Debtor in accordance with Article 2.3 of the Plan. Such Default Notice must contain the reason for the default and if such default is monetary, the amount of the default and amount necessary to cure the default and the address for payment, which will accept overnight deliveries. Receipt by Debtor's Attorney shall not be deemed receipt by Debtor of the required Default Notice. In the event of an uncured default following proper Default Notice procedures and opportunity to cure pursuant to Article 2.3 of the Plan, Troup County may (a) enforce the entire amount of its then outstanding applicable Allowed Class 4 Troup County Tax Claim; (b) exercise any and all rights and remedies it may have under applicable non-bankruptcy law regarding the applicable Allowed Class 4 Troup County Tax Claim; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The amount of any claim of Troup County that is not asserted, assertable, assessable or due and payable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and the right of Troup County, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of Troup County would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to section 1141 of the Bankruptcy Code. However, the rights and treatment of Troup County and obligations and liability of Debtor or its property regarding any claim of Troup County against Debtor which was assessable prior to the Filing Date shall be treated and fixed in accordance with the Plan, and any additional or other claims assessable on or prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and not timely asserted by Troup County in accordance with the Bankruptcy Code and the Plan and in all instances prior to entry of the Confirmation Order, shall be forever barred. Debtor reserves the right to pay any tax claim in full at any time.

The Claim of the Class 4 Creditor is Impaired by the Plan and the holder of the Class 4 Claim is entitled to vote to accept or reject the Plan.

Nothing herein shall constitute an admission as to the nature, validity, or amount of such claim. Debtor reserves the right to object to any and all claims.

6.5 Class 5: Priority and Secured Tax Claims of Governmental Units Not Otherwise Classified in the Plan

Class 5 shall consist of any Priority or Secured Claim of a governmental unit entitled to priority under 11 U.S.C. §507(a)(8) or §502(i), which are not otherwise specifically classified in the Plan ("Class 5 Governmental Unit Tax Claim"). Debtor is not aware of any Holders of Class 5 Governmental Unit Tax Claim not otherwise classified in the Plan. In the event there are Allowed Holders of Class 5 Governmental Unit Tax Claims, Debtor shall pay such Allowed Class 5 Government Unit Tax Claims at the rate of \$100 per month commencing on the 28th day of the first full month following the Effective Date and continuing by the 28th day of each subsequent month (or the next Business Day if the 28th day is not a Business Day), with interest accruing at the annual rate of 4% (or at the rate otherwise as required by the Bankruptcy Code as applicable on the Confirmation Date), with a final balloon payment within 5 years of the Filing

Date (i.e. June 27, 2022) unless such holder agrees to a longer payment term, which such agreement may be communicated by continued acceptance of monthly payments after June 27, 2022. Any third-party payments or payments more than the scheduled distribution pursuant to Class 5 received by a holder shall be applied to the principal tax obligation owed by Debtor pursuant to Class 5. Debtor's Class 5 payments shall be applied (i) first to interest accruing under the Plan, (ii) second to the principal balance and (iii) then to interest which accrued prior to the Effective Date, if any. Debtor reserves the right to pay any Class 5 Governmental Unit Tax Claim in full at any time.

The Court established October 2, 2017 as the Bar Date for filing proofs of claim. After the Bar Date any claim asserted or assertable by a holder of Class 5 Claim on or before the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i): (i) shall be time barred and fixed as provided in the Plan (i.e. \$0.00, subject to Debtor's right to object to the same) and (ii) any other, additional or amended claim assessable on or prior to the Filing Date shall be disallowed in its entirety and forever discharged. Debtor shall pay any claim of a Class 5 Claim Holder assessable, arising prior to the Filing Date or treated as arising prior to the Filing Date pursuant to 11 U.S.C. §502(i) on the terms herein, and holders of Class 5 Claims shall be permanently enjoined from seeking payment more than the amounts provided for in the Plan for such claims.

A failure by the Debtor to make a payment under Class 5 to a holder of a Class 5 Governmental Unit Tax Claim pursuant to the terms of the Plan shall be an event of default under Class 5 as to such holder. In the event of a default under Class 5, the applicable holder must send a Default Notice to Debtor in accordance with Article 2.3 of the Plan. Such Default Notice must contain the reason for the default and if such default is monetary, the amount of the default and amount necessary to cure the default and the address for payment, which will accept overnight deliveries. Receipt by Debtor's Attorney shall not be deemed receipt by Debtor of the required Default Notice. In the event of an uncured default following proper Default Notice procedures and opportunity to cure pursuant to Article 2.3 of the Plan, the applicable Governmental Unit may (a) enforce the entire amount of its then outstanding Allowed Class 5 Governmental Unit Tax Claim; (b) exercise any and all rights and remedies it may have under applicable non-bankruptcy law regarding the Allowed Class 5 Governmental Unit Tax Claim; and (c) seek such relief as may be appropriate in the Bankruptcy Court.

The amount of any claim of a holder of Class 5 Governmental Unit Tax Claim that is not assessable prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and the right of Governmental Unit, if any, to payment in respect thereto shall (i) be determined in the manner in which the amount of such Claim and the rights of Governmental Unit would have been resolved or adjudicated if the Bankruptcy Case had not been commenced, (ii) survive after the Effective Date as if the Bankruptcy Case had not been commenced, and (iii) not be discharged pursuant to section 1141 of the Bankruptcy Code. However, the rights and treatment of Governmental Unit and obligations and liability of Debtor or its property regarding any claim of Governmental Unit against Debtor which was assessable prior to the Filing Date shall be treated and fixed in accordance with the Plan, and any additional or other claims assessable on or prior to the Filing Date or treated as arising before the Filing Date pursuant to 11 U.S.C. §502(i), and not timely asserted by Governmental Unit in accordance with the Bankruptcy Code and the Plan and in all instances prior to entry of the Confirmation Order, shall be forever barred. Debtor reserves the right to pay any tax claim in full at any time.

The Holder of an Allowed Class 5 Governmental Unit Priority Tax Claim is impaired and

entitled to vote to accept or reject the Plan. Nothing contained herein shall prohibit Debtor from objecting to the Class 5 Claims for any reason.

6.6 Class 6: 1st Priority Secured Claim of Cornerstone Bank

Class 6 consists of the secured claim of Cornerstone Bank (“Cornerstone”) (such secured amount owed to Cornerstone and as allowed as secured by the Court plus interest accruing pursuant to this Class 6 shall be referred to herein as the “Class 6 Secured Claim”). Debtor scheduled Cornerstone as holding a claim in the amount of \$936,284.00. On September 28, 2017, Cornerstone filed proof of claim number 5 (the “Cornerstone Proof of Claim”) in the asserted secured amount of \$1,069,542.97 consisting of (i) principal in the amount of \$913,619.72, (ii) accrued interest in the amount of \$0.00, (iii) late fees in the amount of \$18,880.29 and (iv) attorney’s fees under O.C.G.A. § 13-1-11 in the amount of \$137,042.96 pursuant to a SBA Note from Debtor to Cornerstone, dated July 12, 2006, in the original principal amount of \$1,270,000.00 (the “Cornerstone SBA Note”) secured by a lien on Debtor’s Real Property located at 505 Vernon Street, LaGrange, GA (as described in the Cornerstone Deed) together with Debtor’s inventory, equipment and other property (collectively referred to as the “Cornerstone Collateral” as more particularly described in the Cornerstone Loan Documents). Cornerstone’s security interest and lien on the Cornerstone Collateral is evidenced by the: (i) Deed to Secure Debt, Assignment of Rents and Security Agreement, dated July 12, 2006, from Debtor, as grantor, to Cornerstone Bank, as grantee, recorded in Deed Book 1347, Page 382, Troup County, Georgia records, (ii) Assignment of Rents and Leases from Debtor to Cornerstone, dated July 12, 2006 recorded in Deed Book 1347, Page 382, Troup County, Georgia records; (iii) UCC Financing Statement No. 141-2006-84 continued pursuant to UCC Financing Statement no. 141-2016-001431; and (iv) UCC Financing Statement recorded at Deed Book 1347, Page 404 and continued at Deed Book 1837, Page 430, Troup County, Georgia records (the foregoing, together with the Cornerstone SBA Note, are collectively referred to herein as the “Cornerstone Loan Documents”). The Cornerstone SBA Note provides that Cornerstone may collect reasonable attorney’s fees *incurred*. Accordingly, Debtor disputes Cornerstone’s assertion of \$137,042.96 in attorney fees pursuant to O.C.G.A. § 13-1-11 as Cornerstone’s attorney fees are limited to those actually incurred by the Cornerstone SBA Note. In the event Cornerstone does not amend its proof of claim, Debtor intends to object to the same. The Allowed Class 6 Secured Claim should not exceed \$932,500.01 (i.e. (i) principal of \$913,619.72, (ii) accrued interest in the amount of \$0.00, and (iii) late fees in the amount of \$18,880.29) plus any attorney fees actually and reasonably incurred as agreed to by Cornerstone and Debtor or allowed by the Court. In the event the Court allows Cornerstone’s asserted statutory attorney fees pursuant to O.C.G.A. §13-1-11, such are a general unsecured claim and will be treated and classified accordingly in Class 9.

Debtor will pay the Allowed Class 6 Secured Claim (i) in equal monthly payments of \$4,190.00 each commencing on the 15th day of the first full month following the Effective Date and continuing by the 15th day of each subsequent month for a total of 36 months (ii) in equal monthly payments of \$6,285.00 commencing on the 15th day of the 37th full month following the Effective Date and continuing by the 15th day of each subsequent month and (iii) a final payment for the outstanding balance of the Allowed Class 6 Secured Claim on July 12, 2031 (which is the original maturity date under the Cornerstone SBA Note and referred to herein as the “Class 6 Maturity Date.”) Interest shall accrue on the principal balance of the Allowed Class 6 Secured Claim at the annual rate of 5.50%. Any payments received by Cornerstone on the Class 6 Secured Claim on or after the Effective Date shall be referred to herein as the “Class 6 Secured Claim Payments.” The Class 6 Secured Claim Payments shall be applied first to accrued and unpaid interest which accrues on the Class 6 Secured Claim in accordance with the Plan and

then to principal. Any payments or recoveries received by Cornerstone after the Filing Date and prior to the Effective Date shall be applied to any interest accruing on the Class 6 Secured Claim prior to the Effective Date and then to principal. Cornerstone shall retain its lien and security interest in the Cornerstone Collateral to the same priority and validity as existed on the Filing Date pursuant to the Cornerstone Loan Documents and to the extent of the Allowed Class 6 Secured Claim; however, Cornerstone shall release its lien on and security interest in the Cornerstone Collateral for a payment of the then outstanding allowed Class 6 Secured Claim less any payment previously received and applied pursuant to this Plan. Upon request by Debtor, Cornerstone shall promptly provide a payoff letter including the then outstanding balance of the Class 6 Secured Claim and an accounting including all credits and debits, including all payments received and their application.

In the event Debtor defaults on payments pursuant to Class 6 of the Plan or otherwise defaults under Class 6 of the Plan, Cornerstone shall send a Default Notice to Debtor in accordance with Article 2.3 of the Plan, which must contain the basis for declaring a default, and, in the event of a monetary default, the notice must state the amount necessary to cure the default and an address that will accept overnight deliveries. If Debtor does not cure the default in the period provided in Article 2.3 of the Plan, Cornerstone shall be authorized to accelerate the Class 6 Secured Claim and exercise its state law rights and remedies against the Cornerstone Collateral. Except as otherwise provided for in this Plan or otherwise inconsistent with this Plan, all non-monetary provisions of the Cornerstone Loan Documents and all remedies available to Cornerstone under such loan documents shall remain in full force and effect; provided that, unless and until there is an uncured event of default under Class 6 of the Plan, Cornerstone shall forbear and be enjoined from the exercise of any rights or remedies under the loan documents and any provision within the discretion of Cornerstone shall be subject to a reasonableness standard.

Nothing herein shall constitute an admission as the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims for any reason.

The holder of the Class 6 Secured Claim is impaired and entitled to vote to accept or reject the Plan.

6.7 Class 7: 2nd Priority Secured Claim of Synovus Bank

Class 7 consists of the secured claim of Synovus Bank ("Synovus") (such amount owed to Synovus and as allowed by the Court plus interest accruing pursuant to this Class 7 shall be referred to herein as the "Class 7 Secured Claim"). Debtor scheduled Synovus as holding a claim in the amount of \$35,000.00. On September 13, 2017, Synovus filed (i) proof of claim number 3 asserting a secured claim in the amount of \$33,678.28 and (ii) proof of claim number 4 asserting a secured claim in the amount of \$8,791.23 for total asserted claims of \$42,469.51 pursuant to a Note from Debtor to CB&T a division of Synovus dated July 10, 2015, in the original principal amount of \$50,000.00 (the "Synovus Note") and credit card agreement secured by a lien in Debtor's inventory, equipment, accounts, instruments, general intangibles and as otherwise described in the UCC Financing Statement number 038-2015-008685 filed on August 13, 2015 in the lien records of Coweta County, Georgia ("Synovus UCC") and Security Agreement dated July 16, 2015 (collectively and together with a certificate of deposit in the amount of \$15,000.00 in which Synovus holds a 1st priority lien referred to herein as the "Synovus Collateral.") (The Synovus Note, Synovus UCC and Security Agreement are collectively referred to herein as the "Synovus Loan Documents.")

Debtor will pay the Allowed Class 7 Secured Claim (i) in equal monthly payments of \$750.00 each commencing on the 15th day of the first full month following the Effective Date and continuing by the 15th day of each subsequent month for a total of 66 months and (ii) a final payment for the outstanding balance of the Allowed Class 7 Secured Claim on the 67th full month following the Effective Date (the "Class7 Maturity Date.") Interest shall accrue on the principal balance of the Allowed Class 7 Secured Claim at the annual rate of 5.78%. Any payments received by Synovus on the Class 7 Secured Claim on or after the Effective Date shall be referred to herein as the "Class 7 Secured Claim Payments." The Class 7 Secured Claim Payments shall be applied first to accrued and unpaid interest which accrues on the Class 7 Secured Claim in accordance with the Plan and then to principal. Any payments or recoveries received by Synovus after the Filing Date and prior to the Effective Date shall be applied to any interest accruing on the Class 7 Secured Claim and then to principal. Synovus shall retain its lien and security interest in the Synovus Collateral to the same priority and validity as existed on the Filing Date pursuant to the Synovus Loan Documents and to the extent of the Allowed Class 7 Secured Claim; however, Synovus shall release its lien on and security interest in the Synovus Collateral for a payment of the then outstanding allowed Class 7 Secured Claim less any payment previously received and applied pursuant to this Plan. Upon request by Debtor, Synovus shall promptly provide a payoff letter including the then outstanding balance of the Class 7 Secured Claim and an accounting including all credits and debits, including all payments received and their application.

In the event Debtor defaults on payments pursuant to Class 7 of the Plan or otherwise defaults under Class 7 of the Plan, Synovus may send a Default Notice to Debtor in accordance with Article 2.3 of the Plan, which must contain the basis for declaring a default, and, in the event of a monetary default, the notice must state the amount necessary to cure the default and an address that will accept overnight deliveries. If Debtor does not cure the default in the period provided in Article 2.3 of the Plan, Synovus shall be authorized to accelerate the Class 7 Secured Claim and exercise its state law rights and remedies against the Synovus Collateral. Except as otherwise provided for in this Plan or otherwise inconsistent with this Plan, all non-monetary provisions of the Synovus Loan Documents and all remedies available to Synovus under such loan documents shall remain in full force and effect; provided that, unless and until there is an uncured event of default under Class 7 of the Plan, Synovus shall forbear and be enjoined from the exercise of any rights or remedies under the loan documents and any provision within the discretion of Synovus shall be subject to a reasonableness standard.

Nothing herein shall constitute an admission as the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims for any reason.

The holder of the Class 7 Secured Claim is impaired and entitled to vote to accept or reject the Plan.

6.8 Class 8: Disputed Secured Claim of Sysco Food Service of Atl, Inc.

Class 8 consists of the asserted secured claim of Sysco Food Service of Atl., Inc ("Sysco"). Debtor listed Sysco as holding secured claim in the amount of \$0.00 pursuant to UCC Financing Statement 0332009-00720 filed June, 29, 2009 continued on January 3, 2014 (the "Sysco UCC"). Debtor does not owe any indebtedness or obligations to Sysco. The Bar Date has passed and Sysco did not file a proof of claim. Accordingly, Sysco's Secured Class 8 Claim is fixed at \$0.00. Any lien or security interest asserted by Sysco shall be cancelled, discharged, void and of no further force or effect on the Effective Date. In the event Sysco does not unequivocally cancel the Sysco UCC or any other claims or assertions of security against

Debtor's assets within 10 days of the Effective Date, Debtor is authorized to file a termination of the Sysco UCC or another claims or assertions of security against Debtor's assets.

6.9 Class 9: General Unsecured Claims

Class 9 shall consist of the general unsecured claims including deficiency claims, if any, pursuant to 11 U.S.C. §506, statutory attorney fees, if any, and claims for rejection damages, if any. Debtor shall pay the General Unsecured Creditors a pro-rata share of \$425.00 per month, commencing on the 20th day of the 12th full month following the Effective Date and continuing by the 20th day of each subsequent month for a total of 96 months but in no event shall a Holder of Class 9 General Unsecured Claim receive more than 100% of its Allowed Class 9 General Unsecured Claim plus annual interest at the rate of 4.25%. Debtor anticipates, but does not warrant, the following Holders of Class 9 General Unsecured Claims and the following distributions:

Holder	Scheduled	POC	POC No.	Estimated Claim	Est. Monthly Distribution	Estimated Total Distribution
American Express	\$10,964.45	\$11,754.81	2	\$11,754.81	\$145.16	\$13,935.68
In Hwa Han	\$20,000.00	n/a	n/a	\$20,000.00	\$246.99	\$23,710.60
Synchrony Bank	\$2,660.18	n/a	n/a	\$2,660.18	\$32.85	\$3,153.72
TOTALS				\$34,414.99	\$425.00	\$40,800.00

Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserves the right to object to any and all claims.

The holders of Class 9 Claims are impaired and entitled to vote to accept or reject the Plan.

6.10 Class 10: Interest Claims

Class 10 consists of Interest Claims. Kennin Sato and Joyce Sato shall each retain 50% of the interest in the Debtor.

Class 10 consists of the Interest Claims. In the event the Unsecured Class 9 General Unsecured Creditors do not vote to accept the Plan as a Class, Debtor shows that the "absolute priority rule" (i.e. 11 U.S.C. §1129(b)(2)(B)(ii)) does not apply, because Debtor's Plan satisfied 11 U.S.C. §1129(b)(2)(B)(i). In the event the Court determines that the absolute priority rule does apply, then all pre-petition interests in the Debtor shall be cancelled. In this event, Kennin Sato and Joyce Sato shall each purchase 50% of the shares in Debtor on the Effective Date to fund any administrative expense claims, or otherwise fund claims in accordance with the priorities set forth in the Bankruptcy Code, for the greater of: (i) \$5,000.00 each; or (iii) such other amount as shall be approved at the Confirmation Hearing. Any Effective Date contribution by the principals of Debtor shall constitute "new value." Mr. and Mrs. Sato anticipate obtaining a loan from a family member or friend for the dedicated purpose of funding any "new value." New value is the vehicle through which current equity holders purchase the equity interest of the Debtor. Efforts of existing equity holders to purchase the equity interest of the Debtor may be subject to competing bids in the market place under certain circumstances in which event third

parties may be able to purchase the equity interest of the Debtor by appearing at the confirmation hearing and submitting a higher bid for the equity interests. The requirement for, sufficiency and validity of any such bid shall be subject to the approval and review of the Court at the Confirmation Hearing.

The holders of Class 10 Claims are entitled to vote to accept or reject the Plan.

VII. Administrative Expenses

Treatment of administrative expense claims is set forth in Article 5 of the Plan and summarized below.

7.1 Summary. Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims against Debtor are not classified for purposes of voting on, or receiving Distributions under the Plan. Holders of such Claims are not entitled to vote on the Plan. All such Claims are instead treated separately in accordance with Article 5 of the Plan and in accordance with the requirements set forth in section 1129(a)(9)(A) of the Bankruptcy Code.

With respect to potential Administrative Expense Claims, Debtor, pursuant to Court order, retained the law firm of Jones & Walden, LLC ("Firm") to serve as bankruptcy counsel. As set forth in the employment application and supporting documents, the Firm received a prepetition retainer in the amount of \$20,910.50. As of the date hereof, the fees and expenses incurred by the Firm have exceeded the retainer. Debtor shall pay any unpaid allowed Administrative Expense Claim held by the Firm on the Effective Date unless otherwise agreed to by the Firm. Debtor is paying post-petition bills and does not expect any claims for unpaid post-petition goods and services other than possible professional fees. Debtor will incur quarterly trustee fees which Debtor intends to pay when due.

7.2 Administrative Expense Claims.

7.2.1 Subject to the provisions of sections 328, 330(a) and 331 of the Bankruptcy Code, each holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash on the latest of (1) the Effective Date, (ii) as soon as practicable after the date on which such Claim becomes an Allowed Administrative Expense Claim, (iii) upon such other terms as may be agreed upon by such holder and Debtor, or (iv) as otherwise ordered by the Bankruptcy Court; provided, however, that Allowed Administrative Expense Claims representing obligations incurred by Debtor in the ordinary course of business after the Filing Date, or otherwise assumed by Debtor on the Effective Date pursuant to this Plan, including any tax obligations arising after the Effective Date, will be paid or performed by Debtor when due in accordance with the terms and conditions of the particular agreements or non-bankruptcy law governing such obligations.

7.2.2 Except as otherwise provided in this Plan, any Person holding an Administrative Expense Claim, other than an Administrative Expense Claim arising from the operation by Debtor of its business in the ordinary course of business, shall file a proof of such Administrative Expense Claim with the Bankruptcy Court within thirty (30) days after the Confirmation Date. At the same time any Person files an Administrative Expense Claim, such Person shall also serve a copy of the Administrative Expense Claim upon counsel for Debtor. Any Person who fails to timely file and serve a proof of such Administrative Expense Claim shall

be forever barred from seeking payment of such Administrative Expense Claims by Debtor or the Estate.

7.2.3 Any Person seeking an award by the Bankruptcy Court of Professional Compensation shall file a final application with the Bankruptcy Court for allowance of Professional Compensation for services rendered and reimbursement of expenses incurred through the Effective Date within thirty (30) days after the Confirmation Date or by such other deadline as may be fixed by the Bankruptcy Court.

Debtor may pay professional fees incurred after confirmation of the Plan without Court approval. Debtor shall pay all pre-confirmation fees of professionals as payment of same is approved by the Court.

VIII. Tax Consequences

Tax consequences resulting from confirmation of the Plan can vary greatly among the various Classes of Creditors and holders of Interests, or within each Class. Significant tax consequences may occur because of confirmation of the Plan under the Internal Revenue Code and pursuant to state, local, and foreign tax statutes. Because of the various tax issues involved, the differences in the nature of the Claims of various Creditors, the taxpayer status and methods of accounting and prior actions taken by Creditors with respect to their Claims, as well as the possibility that events subsequent to the date hereof could change the tax consequences, this discussion is intended to be general in nature only. No specific tax consequences to any Creditor or holder of an Interest are represented, implied, or warranted. Each holder of a Claim or Interest should seek professional tax advice.

The proponent assumes no responsibility for the tax effect that consummation of the Plan will have on any given Holder of a Claim or Interest. Holders of Claims or Interest are strongly urged to consult their own tax advisors covering the federal, state, local and foreign tax consequences of the Plan to their individual situation.

IX. Liquidation Analysis

Debtor sets forth the following liquidation test:

Debtor's plan proposes to pay all secured and priority creditors in full with interest and anticipates (based on the currently asserted unsecured claims) paying all unsecured claims in full with interest. Conversion and liquidation under Chapter 7 of the Bankruptcy Code would result in the appointment of a Chapter 7 trustee and the liquidation of assets. Assets disposed of by "liquidation" or "fire" sale generally generate significantly less proceeds than assets that are marketed and sold as a going concern. Moreover, a Chapter 7 trustee would incur trustee's fees pursuant to 11 U.S.C. §326(a) of the Bankruptcy Code¹ as well as other costs associated

¹ 11 U.S.C. §326(a) states that a Chapter 7 trustee would incur trustee's fees equal to 25% of the first \$5,000.00 of Liquidation Value of Assets; 10% of amount in excess of \$5,000.00 but not in excess of \$50,000.00 of Liquidation Value of Assets; 5% of any amount in excess of \$50,000.00 but not in excess of \$1,000,000.00; 3% of any amount in excess of \$1,000,000.00 of the Liquidation Value of Asset, and commissions for auctioneers for personal property generally is equivalent to ten (10%) percent of the gross sales price and commissions for real property brokers is generally six percent (6%) of the gross sales price. In addition, the attorney for the Chapter 7 trustee would incur attorney's fees as would the current Chapter 11 attorneys.

with liquidation such as broker fees and attorney fees.

Accordingly, Debtor's Plan represents a better recovery to creditors than available under a Chapter 7 Liquidation. In the event the assets were liquidated, Debtor does not believe the unsecured creditors would receive any dividend.

X. Procedures for Treating and Resolving Disputed Claims

A. Objection to Claims

The Plan provides that Debtor shall be entitled to object to Claims, provided, however, that Debtor shall not be entitled to object to Claims (i) that have been Allowed by a Final Order entered by the Bankruptcy Court prior to the Effective Date or (ii) that are Allowed by the express terms of the Plan.

B. No Distributions Pending Allowance

Except as otherwise provided in the Plan, no Distributions will be made with respect to any portion of a Claim unless and until (i) Debtor has determined no objection to such Claim will be filed, or (ii) any pending objection to such Claim has been settled, withdrawn or overruled pursuant to a Final Order of the Bankruptcy Court.

C. Estimation of Claims

Debtor may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to the Bankruptcy Code regardless of whether Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another.

D. Resolution of Claims Objections

On and after the Effective Date, Debtor shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections to Claims without approval of the Bankruptcy Court.

XI. Conditions Precedent to the Effective Date

A. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Article 11 of the Plan.

- (a) The Confirmation Order shall not have been vacated, reversed or

modified and, as of the Effective Date, shall not be stayed.

- (b) All documents and agreements to be executed on the Effective Date or otherwise necessary to implement the Plan shall be in form and substance that is acceptable to Debtor, in its reasonable discretion.
- (c) Debtor shall have received any authorization, consent, regulatory approval, ruling, letter, opinion, or document that may be necessary to implement this Plan and that is required by law, regulation, or order.

Under the Plan, each of the conditions set forth above may be waived, in whole or in part, by Debtor without any notice to any other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Confirmation Date or the Effective Date may be asserted by Debtor in its sole discretion regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by Debtor in its sole discretion). The failure of Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

XII. Certain Effects of Confirmation

A. Vesting of Debtor's Assets

Except as otherwise explicitly provided in the Plan, upon the Court's entry of the Confirmation Order, all property comprising the Estate (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in Debtor free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders, except as specifically provided in the Plan. As of the earlier of the Effective Date and the entry of a Final Decree, Debtor may operate its business and use, acquire, and dispose of property and settle and compromise Claims or Interests without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and Confirmation Order.

B. Discharge of Debtor

Pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in the Plan or in the Confirmation Order, the Distributions and rights that are provided in the Plan shall be in complete satisfaction, discharge, and release of all Claims and Causes of Action, whether known or unknown, including any and all liabilities of Debtor, Liens on Debtor's assets, obligations of Debtor, rights against Debtor, and Interests in Debtor or its Estate that arose prior to the Effective Date regardless of whether a claimant accepted or rejected the Plan.

C. Setoffs

Debtor may, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that Debtor may have now or in the future against such Holder; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by Debtor of any such claim that Debtor may have against such Holder.

D. Injunction

Upon entry of a Confirmation Order in this case, except as provided for in this Plan, the Confirmation Order shall act as a permanent injunction against any Person commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or Cause of Action except as provided for under the Plan against: (1) Debtor, or (2) against any property of Debtor. Such injunction shall survive the closure of the Bankruptcy Case and this Court shall retain jurisdiction to enforce such injunction.

E. Miscellaneous Plan Provisions

1. Modification of Plan

Debtor shall be allowed to modify the Plan pursuant to section 1127 of the Bankruptcy Code to the extent applicable law permits. Subject to the limitations contained in the Plan, pursuant to Article 13.1 of the Plan, Debtor may modify the Plan, before or after confirmation, without notice or hearing, or after such notice and hearing as the Bankruptcy Court deems appropriate, if the Bankruptcy Court finds that the Modification does not materially and adversely affect the rights of any parties in interest which have not had notice and an opportunity to be heard with regard thereto. In the event of any modification on or before confirmation, any votes to accept or reject the Plan shall be deemed to be votes to accept or reject the Plan as modified, unless the Bankruptcy Court finds that the modification materially and adversely affects the rights of parties in interest which have cast said votes. Debtor reserves the right in accordance with section 1127 of the Bankruptcy Code to modify the Plan at any time before the Confirmation Date.

2. Retention of Jurisdiction

The Plan provides that after the Effective Date, the Bankruptcy Court shall have or retain jurisdiction for the following purposes:

- (a) To adjudicate objections concerning the allowance, priority or classification of Claims and any subordination thereof, and to establish a date or dates by which objections to Claims must be filed to the extent not established in the Plan;
- (b) To liquidate the amount of any disputed, contingent or unliquidated Claim, to estimate the amount of any disputed, contingent or unliquidated claim, to establish the amount of any reserve required to be withheld from any distribution under the Plan on account of any disputed, contingent or unliquidated claim;
- (c) To resolve all matters related to the rejection, assumption and/or assignment of any Executory Contract or Unexpired Lease of Debtor;
- (d) To hear and rule upon all Retained Actions, Avoidance Actions and other Causes of Action commenced and/or pursued by Debtor;
- (e) To hear and rule upon all applications for Professional Compensation;
- (f) To remedy any defect or omission or reconcile any inconsistency in the Plan, as may be necessary to carry out the intent and purpose of the Plan;

- (g) To construe or interpret any provisions in the Plan and to issue such orders as may be necessary for the implementation, execution and consummation of the Plan, to the extent authorized by the Bankruptcy Code;
- (h) To adjudicate controversies arising out of the administration of the Estate or the implementation of the Plan;
- (i) To make such determinations and enter such orders as may be necessary to effectuate all the terms and conditions of the Plan, including the Distribution of funds from the Estate and the payment of claims;
- (j) To determine any suit or proceeding brought by Debtor to recover property under any provisions of the Bankruptcy Code;
- (k) To hear and determine any tax disputes concerning Debtor and to determine and declare any tax effects under the Plan;
- (l) To determine such other matters as may be provided for in the Plan or the Confirmation Order or as may be authorized by or under the provisions of the Bankruptcy Code;
- (m) To determine any controversies, actions or disputes that may arise under the provisions of the Plan, or the rights, duties or obligations of any Person under the provisions of the Plan;
- (n) To adjudicate any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of, or in connection with, any agreement pursuant to which Debtor sold any of its assets during the Bankruptcy Cases;
- (o) To enter a final decree; and
- (p) To enforce and interpret any order or injunctions entered in this Bankruptcy Case.

3. Distributions

- (a) Disbursing Agent. Unless otherwise provided for herein, all Distributions under this Plan shall be made by Debtor or its agent.
- (b) Distributions of Cash. Any Distribution of Cash made by Debtor pursuant to this Plan shall, at Debtor's option, be made by check drawn on a domestic bank or by wire transfer from a domestic bank or in any other form of cash or cash equivalent.
- (c) No Interest on Claims or Interests. Unless otherwise specifically provided for in this Plan, the Confirmation Order, or a postpetition agreement in writing between the Debtor and a Holder, postpetition interest shall not accrue or be paid on Claims, and no Holder shall be entitled to interest accruing on or after the Filing Date on any Claim. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a final determination is made when and if such

Disputed Claim becomes an Allowed Claim.

- (d) Delivery of Distributions. The Distribution to a Holder of an Allowed Claim shall be made by Debtor (a) at the address set forth on the proof of claim filed by such Holder, (b) at the address set forth in any written notices of address change delivered to Debtor after the date of any related proof of claim, (c) at the addresses reflected in the Schedules if no proof of claim has been filed and Debtor has not received a written notice of a change of address, or (d) if the Holder's address is not listed in the Schedules, at the last known address of such Holder according to the Debtor's books and records.
- (e) If any Distribution on an Unsecured Claim ("Unsecured Distribution") is tendered by Debtor to a Holder of an Unsecured Claim and returned as undeliverable, refused or otherwise returned ("Unsecured Distribution Refusal"), Debtor shall not be responsible for making any further Unsecured Distribution on account of such Unsecured Claim. Accordingly, in the event of an Unsecured Distribution Refusal, Debtor shall be relieved of any obligation to make said payment or Distribution and Debtor is relieved of any obligation to make further payments or Distributions on such Unsecured Claim under the Plan.

If any Distribution on a Secured Claim or Priority Claim ("Secured or Priority Distribution") is tendered by Debtor to a Holder of a Secured Claim or Priority Claim and returned as undeliverable, refused or otherwise returned ("Secured or Priority Distribution Refusal"), the Holder of such Secured Claim or Priority Claim, as applicable, shall be deemed to have waived its right to such tendered payment or Distribution and such tendered payment or Distribution shall be deemed satisfied. In the event of a Secured or Priority Distribution Refusal, any obligation of Debtor to make any additional or further payment on such Secured Claim or Priority Claim shall be tolled until such time as: (i) notice is provided to Debtor that the Holder of such Secured Claim or Priority Claim seeks to receive payments from Debtor on the Secured Claim or Priority Claim or otherwise seeks to enforce Debtor's obligations under the Plan or otherwise enforce the Secured Claim or Priority Claim and (ii) any dispute regarding the Secured or Priority Distribution Refusal and its implications is resolved by agreement of the parties or the Bankruptcy Court (the "Tolling Period"). Only in the event of such notice to Debtor will Debtor's obligations to perform as to the applicable Secured Claim or Priority Claim resume. The Tolling Period shall: (i) extend the term of the payments on such Secured Claim or Priority Claim and (ii) bar any interest from accruing on the Secured Claim or Priority Claim until such time as any dispute regarding the Secured or Priority Distribution Refusal shall be resolved by Final Order. Notwithstanding anything in the Plan, or any loan document, agreement or otherwise to the contrary, no provision allowing the imposition of late fees, default interest, late charges, damages, or costs and fees against the Debtor or the Debtor's property shall be applicable during the Tolling Period or any period during which a dispute regarding a Tolling Period is being resolved. For purposes of clarification, Debtor shall not be required to make any lump sum cure of payments or Distributions which would have otherwise come due during (i) the Tolling Period or (ii) any period during which a dispute regarding a Tolling Period is unresolved, and Debtor shall recommence Distributions upon the resolution of such dispute on the terms in the Plan as tolled.

- (f) Distributions to Holders as of the Record Date. All Distributions on Allowed Claims shall be made to the Record Holders of such Claims. As of the close of business on the Confirmation Date, the Claims register maintained by the Bankruptcy Court shall be closed, and there shall be no further change in the Holder of any Claim. Debtor shall have no obligation to recognize any transfer of any Claim occurring after the Confirmation Date. Debtor shall instead be entitled to recognize and deal for all purposes under this Plan with the Record Holders as of the Confirmation Date.
- (g) Fractional Dollars. Any other provision of this Plan notwithstanding, the Debtor shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under this Plan would otherwise be called for, at Debtor's option the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.
- (h) Withholding Taxes. Debtor shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all Distributions under this Plan shall be subject to any such withholding and reporting requirements.

XIII. Confirmation and Consummation Procedure

A. General Information

All creditors whose Claims are Impaired by the Plan may cast their votes for or against the Plan. As a condition to confirmation of the Plan, the Bankruptcy Code requires that one Class of Impaired Claims votes to accept the Plan. Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a Class of Impaired Claims as acceptance by holders of at least two-thirds of the dollar amount of the class and by more than one-half in number of Claims. Holders of Claims who fail to vote are not counted as either accepting or rejecting a plan. Voting is accomplished by completing, dating, signing and returning the ballot form (the "Ballot") by the Voting Deadline. Ballots will be distributed to all creditors entitled to vote on the Plan and is part of the Solicitation Package accompanying the Disclosure Statement. The Ballot indicates (i) where the Ballot is to be filed and (ii) the deadline by which creditors must return their Ballots.

Unless otherwise specifically provided in a class of the Plan, in the event of a default by Debtor in payments under the Plan or otherwise, the Holder of such Claim must send written notice to Debtor and Leslie M. Pineyro of the claimed default.

Events of Default. As provided in Article 2.3 of the Plan, unless otherwise specifically provided in a class under the Plan, in the event of a default by Debtor in payments under the Plan or otherwise, the Holder must send written notice ("Default Notice") to Debtor at the addresses of record for Debtor as reflected on the docket for this Bankruptcy Case, unless Debtor has provided the Holder with a written notice of a change of address. Such Default Notice must contain the reason for the default and if such default is monetary, the amount of the default and amount necessary to cure the default, as well as notice that Debtor has fifteen (15) days (in the case of a monetary default) and thirty (30) days (in the case of a non-monetary default) from receipt by Debtor and Debtor's counsel of the Default Notice (or the following business day if the 15th or 30th day does not fall on a business day) to cure such default (and the address for payment, which will accept overnight deliveries, in the event of a monetary default).

The Holder must send such Default Notice to Debtor via certified mail or recognized overnight carrier with a copy via email or fax and certified mail to Leon S. Jones and Leslie M. Pineyro (Jones & Walden, LLC) at the address reflected in the then current directory of the State of Bar of Georgia. Debtor shall have fifteen (15) days or thirty (30) days (as applicable) from Debtor's and Debtor's counsel's receipt of the Default Notice to cure such default. If a Holder accepts payments after providing a Notice of Default, such Holder may not rely on the previous Notice of Default. Receipt by Debtor's Attorney shall not be deemed receipt by Debtor of the required Default Notice. Notwithstanding anything to the contrary in the Plan or otherwise, a default under one Class of Claims or to a creditor shall not constitute a default under any other Class of Claims or any other creditor. (For example, a default under Class 1 shall not constitute a default under Class 3).

Notice. All notices under the Plan shall be in writing. Unless otherwise specifically provided here in, all notices shall be sent to Debtor via U.S. Certified Mail Return Receipt or by recognized overnight carrier to the address of record for Debtor in this Case, unless Debtor has provided such Holder with written notice of change of address for Debtor, with a copy via email or fax and certified mail to Leon S. Jones at the address reflected in the then current directory of the State Bar of Georgia. Receipt of notice by Leon S. Jones (Jones & Walden, LLC) shall not be deemed receipt by Debtor of the required notice. Notice to creditors may be provided (a) at the address set forth on the proof of claim filed by such Holder, (b) at the address set forth in any written notices of address change delivered to Debtor after the date of any related proof of claim, (c) at the addresses reflected in the Schedules if no proof of claim has been filed and Debtor has not received a written notice of a change of address, or (d) if the Holder's address is not listed in the Schedules, at the last known address of such Holder according to the Debtor's books and records. Notices shall be deemed received: (i) on the day transmitted if sent via fax or email and (ii) on the day delivered if sent via nationally recognized overnight delivery service or Certified Mail Return Receipt.

B. Solicitation of Acceptances

This Disclosure Statement has been conditionally approved by the Court as containing "adequate information" to permit creditors and equity interest holders to make an informed decision whether to accept or reject the Plan.

C. Acceptances Necessary to Confirm the Plan

At the Confirmation Hearing, the Court shall determine, among other things, whether the Plan has been accepted by Debtor's creditors. Impaired classes will be deemed to accept the Plan if at least two-thirds in amount and more than one-half in number of the Claims in each class vote to accept the Plan. Furthermore, in such event, unless there is unanimous acceptance of the Plan by the impaired classes, the Court must also determine that any non-accepting Class members will receive property with a value, as of the Effective Date of the Plan, that is not less than the amount that such Class member would receive or retain if Debtor were liquidated as of the Effective Date of the Plan under Chapter 7 of the Bankruptcy Code.

D. Confirmation of Plan Pursuant to Section 1129(b)

The Bankruptcy Code provides that the Plan may be confirmed even if it is not accepted by all Impaired classes. To confirm the Plan without the requisite number of acceptances of each Impaired Class, the Court must find that at least one Impaired Class has accepted the Plan without regard to the acceptances of insiders, and the Plan does not discriminate unfairly

against, and is otherwise fair and equitable, to any Impaired Class that does not accept the Plan. Accordingly, if any Impaired Class does not vote to accept the Plan, Debtor will seek to confirm the Plan under the “cramdown” provisions of section 1129(b) of the Bankruptcy Code.

E. Considerations Relevant to Acceptance of the Plan

Debtor’s recommendation that all Creditors should vote to accept the Plan is premised upon Debtor’s view that the Plan is preferable to other alternatives for liquidation of Debtor’s estate. It appears unlikely to Debtor that an alternate plan of reorganization or liquidation can be proposed that would provide for payments in an amount equal or greater than the amounts proposed under the Plan. If the Plan is not accepted, it is likely that the interests of all creditors will be further diminished.

Disclaimer

This Disclosure Statement contains summaries of certain provisions of the Plan, statutory provisions, documents related to the Plan, events in Debtor’s Chapter 11 case, and financial information. Although Debtor believes that the Plan and related document summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents or statutory provisions. Factual information contained in this Disclosure Statement has been provided by Debtor’s management, except where otherwise specifically noted. Debtor is unable to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission. The financial data set forth herein, except as otherwise specifically noted, has not been subjected to an independent audit.

Nothing contained herein shall (1) constitute an admission of any fact or liability by any party, (2) be admissible in any nonbankruptcy proceeding involving Debtor or any other party; provided, however, that in the event Debtor defaults under the Plan, the Disclosure Statement may be admissible in a proceeding relating to such default for the purpose of establishing the existence of such default, or (3) be deemed conclusive advice on the tax or other legal effects of Debtor’s Plan as to holders of Claims or Interests. You should consult your personal counsel or tax advisor on any questions or concerns regarding tax or other legal consequences of the Plan.

Except for historical information, all the statements, expectations, and assumptions, including expectations and assumptions contained in this Disclosure Statement, involve a number of risks and uncertainties. Although Debtor has used its best efforts to be accurate in making these statements, it is possible that the assumptions made by Debtor may not materialize. In addition, other important factors could affect the prospect of recovery to Creditors including, but not limited to, the inherent risks of litigation and the amount of Allowed Claims.

All Creditors and Interest Holders are advised and encouraged to read this Disclosure Statement and the Plan in their entirety. Plan summaries and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan, any exhibits, and the Disclosure Statement as a whole.

This Disclosure Statement has been prepared in accordance with § 1125 of the Bankruptcy Code and Rule 3016(c) of the Federal Rules of Bankruptcy Procedure and not in accordance with federal or state securities laws. This Disclosure Statement has neither been approved nor disapproved by the Securities and Exchange Commission (“SEC”), nor has the SEC passed on the accuracy or adequacy of the statements contained herein. This Disclosure Statement was prepared to provide holders of Claims and Interests in Debtor with “adequate information” (as defined in the Bankruptcy Code) so that they can make an informed judgment about the Plan.

As to contested matters, adversary proceedings, and other actions or threatened actions, this Disclosure Statement shall not constitute nor be construed as an admission of any fact or liability, stipulation, or waiver, but rather as a statement made in settlement negotiations.

The information contained in this Disclosure Statement is included herein for the purpose of soliciting acceptances of the Plan and may not be relied upon for any purpose other than to make a judgment with respect to, and how to vote on, the Plan.

The representations in this Disclosure Statement are those of Debtor. No representations concerning Debtor are authorized other than as set forth in this statement. Any representation or inducement made to secure acceptance of this Plan which are other than as contained in this document should not be relied upon by any Person. The information contained herein has not been subject to a certified audit. Every effort, however, has been made to provide adequate financial information in this Disclosure Statement. The representations by Debtor are not warranted or represent to be without any inaccuracy, although every effort has been made to be accurate. Neither the Plan nor this Disclosure Statement has been designed to forecast consequences which follow from a general rejection of this Plan, although an attempt is made to state the consequences of a liquidation of Debtor.

Respectfully submitted this 19th day of December, 2017

HAMKEI GENERATION, INC.

/s/ Kennin Sato
Kennin Sato
Its, CEO

JONES & WALDEN, LLC

/s/ Leslie M. Pineyro
Leslie M. Pineyro
Georgia Bar No. 969800
Leon S. Jones
Georgia Bar No. 003980
21 Eighth Street, NE
Atlanta, Georgia 30309
(404) 564-9300
Attorneys for Debtor

CERTIFICATE OF SERVICE

I certify that on the date specified herein below I cause to be served a copy of the foregoing documents via first class United States mail in a properly addressed envelope with sufficient postage affixed thereto to ensure delivery upon the parties listed below:

Office of the United States Trustee
362 Richard B. Russell Federal Building
75 Ted Turner Drive, SW
Atlanta, Georgia 30303

This 19th day of December, 2017

JONES & WALDEN, LLC

/s/ Leslie M. Pineyro
Leslie M. Pineyro
Georgia Bar No. 969800
Leon S. Jones
Georgia Bar No. 003980
21 Eighth Street, NE
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Attorneys for Debtor