

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

IN RE:) Chapter 11
)
NEW STREAMWOOD LANES, INC.) Case No. 14-20808
)
) Judge Timothy A. Barnes
Debtor)

FIFTH AMENDED DISCLOSURE STATEMENT

November 15, 2016

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 case of New Streamwood Lanes, Inc. (The "Debtor"). This Disclosure Statement contains information about the Debtor and describes Debtor's Plan of Reorganization Dated November 15, 2016 (the "Plan") filed by New Streamwood Lanes, Inc. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.

The proposed distributions under the Plan are discussed in this Disclosure Statement. General unsecured creditors, treated in Class V of the Plan, will receive a distribution of 1% of their allowed claims in quarterly payments over five years. Several creditors in other classes have portions of their claims that are treated as general unsecured claims. These claims are the claim of the Internal Revenue Service, in Class I; and Small Business Administration, in Class IV. The unsecured portions of each of these claims will be paid the same 1% distribution, in quarterly payments over five years.

The claim of the Internal Revenue Service is divided into two portions: The priority portion of the claim will be paid in full, with interest at 4% per annum, and the unsecured portion will be paid as described in the previous paragraph. The claim of Waterfall Olympic Master Fund Grantor Trust, Series II's secured portion of the claim will be paid in full with unsecured portion in part over twenty years and 3 months, with no interest. The claim of Small Business Administration, secured by a second mortgage in the Debtor's real estate, is fully unsecured and will be paid as a general unsecured claim as described in the previous paragraph.

A. Purpose of this Document

This Disclosure Statement describes:

- The Debtor and events leading up to Bankruptcy

- How the Plan proposes to treat claims or equity interests of the type you hold (i.e. what you will receive on your claim or equity interest if the plan is confirmed)
- Who can vote on or object to the plan
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan
- Why New Streamwood Lanes, Inc. believes the Plan is feasible and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation
- The effect of confirmation of the Plan.

Please read the Plan as well as the Disclosure Statement. This Disclosure Statement described the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

II. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS.

A. What is the purpose of the Plan of Reorganization

As required by the Code, the Plan places claims in various classes and described the treatment each class will receive. The Plan also states whether each class of claims is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Treatment summary chart

Class	Amount	Impaired?	Treatment
Class I – Governmental Unit Claims	Priority: \$317,661.03 Unsecured: \$297,563.68	Impaired	IRS’s unsecured priority claim in the amount of \$317,661.03 will be paid in monthly payment \$4,969.86 based a 6-year period at 4% interest, commencing on the first day of the month immediately after the Effective date of the plan. IRS’s unsecured general claim in the amount of \$297,563.68 will receive 1% of such portion of the Claim as may be allowed. This claim shall receive monthly payments over a five (5) year period from the effective date of the Plan.
Class II - Priority Creditors	0	No	None
Class III Waterfall Olympic Master Fund Grantor Trust, Series II	Total: \$3,037,639.60 Secured: \$1,067,820.22 Unsecured: \$1,969,819.38	Impaired	Waterfall Olympic Master Fund Grantor Trust, Series II’s secured portion of the claim in the amount of \$1,067,820.00 and unsecured portion in the amount of \$1,452,179.78 will be paid in monthly payment based on a 20 year 3 month amortization at no interest, commencing on the first day of the month immediately after the Effective date of the plan, for initial 6 year Waterfall will be paid in monthly payments of \$6,500.00/month, after 6 year \$12,000.00 for continuing for 14 years and 3 month.
Class IV SBA	\$1,269,074.96	Impaired	SBA’s claim shall receive 1% of such portion of the Claim as may be allowed. This class shall receive monthly payments over five (5) year period from the effective date of the Plan.

Class V Stanley D. Schwartz	\$25,000.00	Impaired	This class shall receive 1% of such portion of the Claim as may be allowed. This class shall receive monthly payments over a five (5) year period from the effective date of the Plan.
Class VI Equity interest holder	\$0	Impaired	This class is composed of Terence Vaughan and Nelson Townsend, who together own 100% of the stock in the Debtor.

C. Unclassified Claims

The Debtor paid \$20,000 to his counsel Inseed Law, P.C., between April and May, 2014, prior to the filing of this Chapter 11 case. Fees incurred by Debtor’s counsel to date are approximately \$25,000. Debtor’s counsel will file an application for fees prior to the close of this case. The Debtor will be able to pay any additional fees in installment payments to his counsel.

The Debtor paid \$2,500 to his co-counsel, David P. Lloyd, in August, 2014. Fees incurred by Debtor’s co-counsel to date are approximately \$5,000. Debtor’s co-counsel expects total fees not to exceed \$8,000. Debtor’s co-counsel will file an application for fees prior to the close of this case. The Debtor will be able to pay any additional fees, estimated to be up to \$5,500, in installment payments to his counsel.

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has not placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor' chapter 11 case which are Administrative expenses, costs or expenses of administering the Debtor' chapter 11 case which are allowed under 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor' estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business after the Petition Date	\$0	Paid in full on the effective date of the Plan, or according to terms of obligation
The Value of Goods	\$0	Paid in full on the effective date of the

Received in the Ordinary Course of Business within 20 days before the Petition Date		Plan, or according to terms of obligation
Professional Fees, as approved by the Court	\$10,500	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	\$0	Paid in full on the effective date of the Plan
Other administrative expenses	\$0	Paid in full on the effective date of the Plan, or according to separate written agreement
Office of the U.S. Trustees Fees	\$0	Paid in full on the effective date of the Plan, or according to separate written agreement
TOTAL	\$10,500.00	

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

On October 15, 2014, the Internal Revenue Service filed an amended claim in the total amount of \$613,487.38, composed of a priority claim in the amount of \$317,761.03, and a general unsecured claim in the amount of \$295,726.35. The Debtor believes that this amended claim substantially overstates the priority amount of the Internal Revenue Service's claim. For example, the October 15, 2014, amended claim contains assessments for WT-FICA taxes for the years 2008-2010, which were listed as "unsecured general claims" in the July 21, 2014, claim.

The Debtor has begun discussions with the Internal Revenue Service to determine the correct amount of its priority and general unsecured claims.

On July 28, 2016, the Internal Revenue Service filed an amended claim in the total amount of \$615,224.71, composed of a priority claim in the amount of \$317,661.03, and a general unsecured claim in the amount of \$297,563.68, if the claim is correct, then the proposed monthly payment of \$4,969.86/month will pay the Internal Revenue Service's priority claim within six years.

The following chart lists the Debtor' estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount owed	Date of Assessment	Treatment
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IRS FICA, FUTA	\$317,661.03	July 28, 2016	Paid in full in six-year period with 4% interest.
IRS-general unsecured	\$297,563.68	July 28, 2016	1% paid in 5 years

D. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor' bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor' secured prepetition claims and their proposed treatment under the Plan:

	Description	Impairment	Treatment
Class III Waterfall Olympic Master Fund Grantor Trust, Series II	\$1,067,820.22 (secured) \$1,452,179.78 (unsecured)	Impaired	Waterfall Olympic Master Fund Grantor Trust, Series II's secured portion in the amount of \$1,067,820.22 and unsecured portion \$1,452,179.78 will be paid in full in monthly payment based on a 20 year 3 month amortization at no interest, commencing on the first day of the month immediately after the Effective date of the plan.

2. Class of Priority Unsecured Claims

Certain priority claims that are referred to in ff 507(a) (1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

None

3. Class of Unsecured

The claim of SBA is secured by a second mortgage in the real estate known as 1232 N. Irving Park Rd. Streamwood, Illinois. The property has a value of approximately \$825,000. The property is subject to a first mortgage in favor of Waterfall Olympic Master Fund Grantor Trust, Series II in excess of \$3 million; therefore, there is no equity to support the second mortgage of

SBA and the creditor is fully unsecured. The lien of this creditor will be “stripped off” pursuant to the Plan, and the creditor’s claim will be paid as an unsecured claim.

	Description	Impairment	Treatment
Class IV SBA	\$1,269,074.96	Impaired	This class shall receive 1% of such portion of the Claim as may be allowed. This class shall receive monthly payments over five (5) year period from the effective date of the Plan.

4. Class of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. The following chart identifies the Plan's proposed treatment of Class VI, which contain general unsecured claims against the Debtor:

	Description	Impairment	Treatment
Class V	\$25,000	Impaired	This class shall receive 1% of such portion of the Claim as may be allowed. This class shall receive monthly payments over a five (5) year period from the effective date of the Plan.

5. Equity Interest

The interests of all shareholders of the Debtor shall remain in place only if the shareholders make a “new value” contribution equal to the value of their equity in the Debtor Corporation. The Debtor estimates that the value of the shareholders’ equity is zero. The shareholders will make a contribution of \$1,000.00 to the Debtor upon confirmation of the Plan. This amount will be used to assist the Debtor in making its initial payments toward administrative claims or kept in reserve to assist the Debtor in making its initial plan payment to general unsecured creditors. In order to determine the value of the corporate stock and the adequacy of the new value contribution by the Debtor’s shareholders, the Debtor intends to conduct an auction of the stock of the Debtor on a date to be determined by the Debtor, at the office of the Debtor’s counsel. The Debtor intends to place a notice of the auction in a newspaper of general circulation, for two successive weeks prior to the auction, and provide notice of the auction to all parties in interest in this case.

E. Means of Implementing the Plan

Source of Payments

Payments and distributions under the Plan will be funded by the following:

Regular Operations of the Business, Cash on Hand

F. Risk Factors

The proposed Plan has the following risks:

The bowling alley business could decline and revenue correspond decrease. However, the Debtor's business has only improved since the commencement of this case.

G. Tax Consequences of Plan

Creditors Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are the anticipated tax consequences of the Plan:

- (1) Tax consequences to the Debtor of the Plan; None
- (2) General tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation.

I. BACKGROUND

A. Events leading to Chapter 11 Filing

The Debtor purchased the 1232 E. Irving Park Road property in January, 2006. The Debtor paid over \$3 million for the bowling alley business and the property. Soon after Debtor's purchase of the property and business, Debtor learned that the seller of the business inflated the profit by stating money that seller was merely holding for leagues that play games there. Further, the housing market that affected the entire economy of the U.S. greatly also affected the debtor severely. Many people cut down on discretionary spending after the recession hit and going to a bowling alley was apparently an easy cut from people's spending.

B. Significant Events during the Bankruptcy Case

There have been no asset sales outside the ordinary course of business or Debtor in possession financing.

There have been no Adversaries filed by or against the Debtor.

The Debtor does not anticipate any litigation during the bankruptcy.

With the economy improving, Debtor's business has also been improving.

C. Projected Recovery of Avoidable Transfers

The Debtor, at this time, does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

D. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

E. Current and Historical Financial Conditions

Assets: At the time of the filing of this case, the Debtor owned its business premises at 1232 E. Irving Park Road, Streamwood, Illinois, which it valued at \$825,000. This property was subject to a mortgage in favor of Waterfall Olympic Master Fund Grantor Trust, Series II in excess of \$1,800,000. The Debtor had petty cash and bank accounts totaling approximately \$82,041.00. The Debtor has furniture, fixtures, equipment, and inventory valued at \$16,614 and \$10,000 of inventory. This property is also subject to the lien of Waterfall Olympic Master Fund Grantor Trust, Series II. There would be no distribution to general unsecured creditors in a Chapter 7 liquidation.

The Debtor owes \$317,661.03 in a priority claim to the Internal Revenue Service.

The Debtor operates a bowling alley, Streamwood Bowl, at 1232 E. Irving Park Road, Streamwood, Illinois. In addition to bowling, the Debtor offers a video arcade. The Debtor operates a full bar and provides grilled food, such as hot dogs, hamburgers, and pizza. The Debtor's business is seasonal in nature. The traditional busy season for bowling alleys has always been from fall through spring, with leagues forming in late summer to coincide with the beginning of the school year. The Debtor is open all year long, but the leagues finish in the spring and the summer months of June through August are slowest, with business picking up in September. During the twelve-month period covered by monthly reports filed by the Debtor during the pendency of this case, the average gross income for October, 2015 through September, 2016, was approximately \$74,087.28/month. The income for October through December 2015, was nearly \$85,000. The average gross income for January through March, 2016, was nearly \$110,000. The average gross income for March through September 2016, was also average \$50,000/month. The average monthly income for the year, taking into account highs and lows, was about \$74,087.28/month.

Under the Plan, the Debtor proposes to make a distribution to general unsecured creditors totaling approximately \$15,916.39. General unsecured creditors will receive more under the Plan than they would if the Debtor's assets were liquidated in a Chapter 7.

Liabilities: The Debtor owes approximately \$1,591,638.64 in general unsecured claims, consisting of claims scheduled by the Debtor and claims filed by creditors, including contested claims. The Plan provides for payment of a 1% on general unsecured claims, over five years, without interest.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor at least as much as the creditor would receive in a chapter 7 liquidation case, unless the creditor votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

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

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor has a right to vote for or against the Plan only if that creditor has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that class III, IV, V and VI are impaired and that holders of claims in these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponents believes that classes I and II are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor with an allowed claim has the right to vote on the Plan. Generally, a claim is allowed if either (1) the Debtor have scheduled the claim on the Debtor' schedules, unless the claim has been scheduled as disputed, contingent, or un-liquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim is not allowed, the creditor holding the claim cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

2. What Is an Impaired Claim?

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

3. Who is Not Entitled to Vote

The holders of the following five types of claims are not entitled to vote:

- Holders of claims that have been disallowed by an order of the Court;
- Holders of other claims that are not "allowed claims" unless they have been 'allowed' for voting purposes.
- Holders of claims in unimpaired classes;
- Holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the

Code; and

- Holders of claims in classes that do not receive or retain any value under the Plan; or administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes.

1. Votes Necessary for a Class to Accept the Plan

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

2. Treatment of Non-accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind non-accepting classes of claims if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan. You should consult your own attorney if a "cram down" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

D. Feasibility

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

1. Ability to initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan and the sources of that cash are attached to this disclosure statement as Exhibit F.

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

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit G.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$139,946.88. The final Plan payment is expected to be paid on December 30, 2022.

V. EFFECTS OF CONFIRMATION OF PLAN

A. Discharge of Debtor

The Debtor does not receive its discharge until the plan is confirmed. Further, confirmation of the Plan does not discharge any debt provided for in the Plan until the court grants a discharge on completion of all payments under the Plan, or as otherwise provided in §1141 (d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponents, or such other party as the Court shall designate in

the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

None at this time.

New Streamwood Lanes, Inc., The Plan Proponents
By: /s/ Ryan Kim /

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