

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	
)	Chapter 11
)	
RIVER NORTH 414 LLC, <i>et al.</i>)	Case No. 16-17324
)	(Jointly Administered)
)	
Debtors. ¹)	Honorable Janet S. Baer
_____)	

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125
OF THE BANKRUPTCY CODE FOR DEBTORS' FIRST AMENDED JOINT PLAN OF
LIQUIDATION DATED DECEMBER 20, 2016**

Dated: December 20, 2016

Respectfully submitted,

**RIVER NORTH 414 LLC AND
PREMIUM THEMES, INC.**

By: /s/ Thomas R. Fawkes

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¹ The debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: (i) River North 414 LLC (0005) and (ii) Premium Themes, Inc. (6440).

**DISCLOSURE STATEMENT DATED DECEMBER 7, 2016
SOLICITATION OF VOTES WITH RESPECT TO
FIRST AMENDED JOINT PLAN OF LIQUIDATION OF
RIVER NORTH 414, LLC AND PREMIUM THEMES, INC.**

All creditors entitled to vote thereon are urged to vote in favor of the First Amended Joint Plan of Reorganization of River North 414 LLC (“*River North*”) and Premium Themes, Inc. (“*PTI*,” and collectively with River North, the “*Debtors*”) dated December 12, 2016 and attached hereto as Exhibit 1 (the “*Plan*”) to this Disclosure Statement (the “*Disclosure Statement*”). A summary of the voting instructions is set forth in Section II.D.1. Additional instructions are contained on the ballots distributed to creditors entitled to vote on the Plan (the “*Ballots*”). **To be counted, your Ballot must be duly completed, executed, and received by [_____] (the “*Voting Deadline*”), unless extended in writing by the Debtors.** The Debtors believe that the Plan is in the best interests of creditors and urge all creditors to vote in favor of the Plan.

All creditors entitled to vote on the Plan are encouraged to read and carefully consider this entire Disclosure Statement, including the Plan attached as Exhibit I and the Risk Factors described under Section VII, prior to submitting Ballots in response to this solicitation.

All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings given to them in the Plan. The summaries of the Plan and other documents contained in this Disclosure Statement are qualified by reference to the Plan itself, the exhibits thereto and the documents described therein.

Any statements in this Disclosure Statement concerning the provisions of any other document are not complete descriptions of such document, and in each instance reference is made to such document for the full text thereof.

No person is authorized by either of the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation other than as contained in this Disclosure Statement and the exhibits attached hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized by any of the Debtors. Although the Debtors will make available to creditors entitled to vote on acceptance of the Plan such additional information as may be required by applicable law prior to the Voting Deadline, the delivery of this Disclosure Statement will not under any circumstances imply that the information herein is correct as of any time after the date hereof.

The information contained in this Disclosure Statement, including the information regarding the history, businesses and operations of the Debtors, the financial information regarding the Debtors and the liquidation analyses and projections relating to the Debtors, is included for purposes of soliciting acceptances of the Plan, and not for any other purpose. Nothing in this Disclosure Statement is intended to be or constitutes a concession by or admission of any Debtor for any purpose.

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I. PRELIMINARY STATEMENT

Through the Plan, the Debtors seek to (a) distribute all remaining assets of PTI to its creditors and interest holders and (b) sell substantially all of the assets of River North, and make distributions consisting of equity and sale proceeds to its creditors and interest holders.

The Debtors include the following entities:

River North 414 LLC, an Illinois limited liability company. River North owns and operates a bar and restaurant named Reverie, located at 414 N. Orleans St., Chicago, Illinois 60654. Reverie is located in the River North entertainment district just north of the Chicago Loop, and features a pan-Asian tavern menu and two floors of dining and lounge space.

Premium Themes, Inc., an Illinois corporation. Prior to April 20, 2016, PTI owned and operated a bar and restaurant named Red Ivy, located at 3525 N. Clark St., Chicago, Illinois 60657 (located less than one block from Wrigley Field in the Wrigleyville entertainment district). As discussed elsewhere in this Disclosure Statement, PTI entered into a termination of its lease for the Red Ivy space and closed its business prior to the Petition Date.

Pursuant to the Plan, PTI's remaining assets will be liquidated and its cash will be distributed to creditors in order of priority. River North intends to either (a) enter into the Newco Transaction, whereby its assets will be sold, and whereby its creditors and equity interest holders will participate in the equity ownership of the purchaser; or (b) enter into the Competing Sale Transaction, whereby its assets will be sold to a competing bidder, with sale proceeds to be distributed to creditors in order of priority.

II. CLAIMS CLASSIFICATION AND VOTING UNDER THE PLAN

II.A. Introduction

The following is a brief overview of certain provisions of the Plan. This overview is qualified by reference to the provisions of the Plan, which is attached hereto as Exhibit I, and the exhibits thereto, as amended from time to time.

The confirmation of a plan, which is the vehicle for satisfying the rights of holders of claims against and equity interests in a debtor, is the overriding purpose of a chapter 11 case. Upon confirmation of a plan, it becomes binding on the Debtors and all of their creditors and stakeholders, and the obligations owed by the Debtors to those parties before the Effective Date are compromised and/or exchanged for the obligations specified in the plan. The Plan contemplates (i) liquidation of the remaining assets of PTI and (ii) a going-concern sale of the assets of River North, and is therefore properly called a "Plan of Liquidation."

The Debtors believe that the Plan is in the best interests of their estates and creditors. **All creditors entitled to vote on the Plan are urged to vote in favor of the Plan prior to 5:00 p.m., Central Time, _____, 2017, the ("Voting Deadline").**

II.B. Summary of Classes and Treatment of Claims and Interests

The Plan divides holders of Claims against and Interests in the Debtors into seven (7) separate classes. The classes and proposed treatment, and the estimated percentage recovery for each class under the Plan is provided in the table below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, and Priority Tax Claims have not been classified. *See* Section II.C. of this Disclosure Statement for the provisions of the Plan governing such claims.

SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

The information set forth in the table on Pages 3 and 4 of this Disclosure Statement are taken from the Debtors' books and records and filed proofs of claim and are for illustrative purposes only. The Debtors have not determined which Claims they plan to object to, or if objecting to any Claims is in the best interests of the Debtors and all parties in interest, but reserve the right to object to any Claim. The below summary is not an admission of liability or an acceptance of liability for any Claim, but is provided in compliance with Local Rule 3016-1(1) to provide interested creditors with a summary of the Plan. For a complete breakdown of the total amount of claims, please consult the Liquidation Analysis attached hereto as Exhibit II.

Class	Type of Claim	Status	Voting Right; Treatment	Estimated Number of Creditors; Estimated Amount of Claim	Treatment
Unclassified	Administrative Claims	-	-	Claimants: 2 Amount: \$100,000.	Each Allowed Administrative Claim shall be paid by the Debtors, at their election, (i) in full, in Cash, in such amounts as such Administrative Claim is Allowed by the Bankruptcy Court upon the later of the Effective Date or the date upon which such Administrative Claim is Allowed or (ii) upon such other terms as may be agreed upon between the Holder of such Administrative Claim and the Debtors. Any application for the payment of any Administrative Claims, such as and including the payment of any fees or reimbursement of expenses of any Professional, shall be Filed with the Bankruptcy Court no later than the Administrative Claims Bar Date.
Unclassified	Priority Tax Claims	-	-	Creditors: 2 Amount: \$212,000	<p><i>River North.</i> All Priority Tax Claims against River North shall be assumed by Newco in their entirety, provided, however, that River North shall retain the right to assert, prosecute, and resolve objections to such Claims in the Bankruptcy Court at any time prior to the Effective Date. Except to the extent that the applicable holder of an Allowed Priority Tax Claim has been paid by River North before the Effective Date, or Newco and such holder agree to less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of Newco, (i) payment in full in Cash made on or as soon as reasonably practicable after the Effective Date, (ii) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (iii) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.</p> <p><i>PTI.</i> On, or as soon as reasonably practicable after, the later of the Effective Date, or the date a Priority Tax Claim against PTI becomes an Allowed Priority Tax Claim or is otherwise payable, each Holder of an Allowed Priority Tax Claim shall be paid in full, in Cash.</p>

1	River North Priority Claims	Unimpaired	Deemed to Accept	Creditors: 0 Amount: \$0.00	On, or as soon as reasonably practicable after, the later of the Effective Date, or the date a Class 1 Claim becomes an Allowed Class 1 Claim or is otherwise payable, each Holder of an Allowed Class 1 Claim shall be paid in full, in Cash.
2	River North Unsecured Claims	Impaired	Entitled to vote	Creditors: 10 Amount: \$103,000	Except to the extent that a Holder of an Allowed Claim in Class 2 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 2, each such Holder shall receive: (i) its Pro Rata share of the River North Cash; and (ii) its Pro Rata share of the OD Equity.
3	River North Insider Unsecured Claims	Impaired	Entitled to vote	Creditors: 7 Amount: \$450,000	Except to the extent that a Holder of an Allowed Claim in Class 3 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 3, each such Holder shall receive its Pro Rata share of the OD Equity.
4	River North Equity Interests	Impaired	Entitled to vote	Interest Holders: 30	On the Effective Date, all Equity Interests in River North shall be cancelled and extinguished in their entirety; provided that Holders of River North Equity Interests shall have the opportunity to participate in the River North Repurchase.
5	PTI Priority Claims	Unimpaired	Deemed to Accept	Creditors: 0 Amount: \$0.00	On, or as soon as reasonably practicable after, the later of the Effective Date, or the date a Class 5 Claim becomes an Allowed Class 5 Claim or is otherwise payable, each Holder of an Allowed Class 5 Claim shall be paid in full, in Cash.
6	PTI Unsecured Claims	Impaired	Entitled to vote	Creditors: 5 Amount: \$8,500	Except to the extent that a Holder of an Allowed Claim in Class 6 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 6, each such Holder shall receive its Pro Rata share of the PTI Cash.
7	PTI Equity Interests	Impaired	Entitled to vote	Interest Holders: 27	On the Effective Date, each Holder of a PTI Equity Interest, to the extent that such Holder participated in the PTI Shareholder Settlement, shall receive: (1) If the Newco Transaction occurs with respect to River North, each Holder of a Class 7 Equity Interest shall receive: (i) a Pro Rata Distribution of the OD Equity; and (ii) a Pro Rata share of any PTI Cash remaining after satisfaction in full of all Allowed Class 6 Claims. (2) If a Competing Transaction occurs with respect to River North, each PTI Equity Interest shall be deemed converted into a Class 3 River North Insider Unsecured Claim in the amount of the Settlement Sum, and shall receive a Pro Rata

					Distribution of: (i) the River North Cash; and (ii) a Pro Rata Distribution of any PTI Cash remaining after satisfaction in full of all Allowed Class 6 Claims.
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The Debtors have chosen not to substantively consolidate their Estates.

II.C. Unclassified Claims

II.C.1. Payment of Administrative Claims

a. Administrative Claims in General

Except as specified in Section II.A. of the Plan, and subject to the Administrative Claims Bar Date, unless otherwise agreed by the holder of an Administrative Claim and the applicable Debtor, each holder of an Allowed Administrative Claim will receive, in full satisfaction of its Administrative Claim, cash equal to the Allowed amount of such Administrative Claim either (i) as soon as practicable after the Effective Date or (ii) if the Administrative Claim is not allowed as of the Effective Date, as soon as reasonably practical after the date on which an order allowing such Administrative Claim becomes a Final Order.

On or before the Effective Date, cash will be disbursed on account of Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined at the Confirmation Hearing by the Bankruptcy Court, in an amount equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 shall be disbursed by the Debtors in accordance therewith until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

b. Bar Dates for Administrative Claims

Except as otherwise provided in Section II.A. of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors no later than the Administrative Claims Bar Date. Holders of Administrative Claims must File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by the applicable Bar Date shall be forever barred from asserting such Administrative Claims against the Debtors or their respective property, and such Administrative Claims shall be deemed discharged as of the Effective Date.

II.C.2. Payment of Priority Tax Claims

River North. All Priority Tax Claims against River North shall be assumed by Newco in their entirety, provided, however, that River North shall retain the right to assert, prosecute, and resolve objections to such Claims in the Bankruptcy Court at any time prior to the Effective Date. Except to the extent that the applicable holder of an Allowed Priority Tax Claim has been paid by River North before the Effective Date, or Newco and such holder agree to less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of Newco, (i) payment in full in Cash made on or as soon as reasonably practicable after the Effective Date, (ii) regular installment payments in accordance with section 1129(a)(9)(C) of the

Bankruptcy Code or (iii) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

PTI. On, or as soon as reasonably practicable after, the later of the Effective Date, or the date a Priority Tax Claim against PTI becomes an Allowed Priority Tax Claim or is otherwise payable, each Holder of an Allowed Priority Tax Claim shall be paid in full, in Cash.

II.D. Voting on and Confirmation of the Plan

II.D.1. Voting Procedures and Requirements

Pursuant to section 1124 of the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are “impaired” under the terms of a plan are entitled to vote to accept or reject a plan. A class is “impaired” if the legal, equitable or contractual rights attaching to the claims or interests of that class are modified by the Plan, other than by curing defaults and reinstating maturity. Classes of claims and interests that are not impaired under the terms of a plan are not entitled to vote on such plan and are conclusively presumed to have accepted the plan. The classification of Claims and Interests under the Plan is summarized, together with an indication of whether each class of Claims or Interests is impaired or unimpaired, in Section II.B above. Under the terms of the Plan, only holders of Claims in Classes 2, 3, 4, 6, and 7 are impaired and entitled to vote on the Plan.

Bankruptcy Rule 3017(d) provides that the “date [an] order approving the disclosure statement is entered,” or such other date established by the court, is the record date for determining the “holders of stock, bonds, debentures, notes, and other securities” entitled to receive the materials specified in Bankruptcy Rule 3017(d), including ballots for voting on a plan of reorganization.

Please carefully follow all of the instructions contained on the Ballot or Ballots provided to you with this Disclosure Statement if you are entitled to vote on the Plan. All Ballots must be completed and returned in accordance with the instructions provided. It is of the utmost importance to the Debtors that you vote promptly to accept the Plan. If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please contact Debtors’ counsel, Thomas R. Fawkes at Goldstein & McClintock LLLP via: e-mail at tomf@goldmclaw.com or telephone at (312) 219-6702.

To be counted, your Ballot or Ballots must be received by no later than 5:00 p.m., Central Time, _____, 2016. Votes cannot be transmitted orally, by email, or facsimile. Accordingly, you must return your signed and completed Ballot, by mail, personal delivery or overnight courier promptly and in advance, so that it is received prior to 5:00 p.m., Central Time _____, 2016.

Holders of Claims entitled to vote on the Plan may withdraw or modify their executed Ballots by delivering (or having their nominee deliver) to Debtors’ counsel, prior to the Voting Deadline, a subsequent properly completed and duly executed Ballot. After the Voting Deadline, withdrawals of or modifications to executed Ballots will not be permitted unless expressly

agreed to by the Debtors in writing. Withdrawal or revocation of votes accepting or rejecting the Plan may be affected only in accordance with the Bankruptcy Code and the Bankruptcy Rules.

II.D.2. Hearing on Confirmation of the Plan

In order to confirm the Plan, the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on whether the Debtors have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code (the “*Confirmation Hearing*”). The Confirmation Hearing has been scheduled for _____, 2016 at __:__ .m. (Central Time). The Debtors expect that the Confirmation Hearing will be held in the courtroom of the Honorable Janet S. Baer, the United States Bankruptcy Judge, at the United States Bankruptcy Court for the Northern District of Illinois, 219 South Dearborn St., Courtroom 615, Chicago, Illinois 60604. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of section 1129 of the Bankruptcy Code for confirmation are met. Among such requirements are that the Plan:

- (a) is accepted by the requisite holders of Claims and Interests in each impaired class under the Plan;
- (b) provides that each creditor voting against the Plan in an impaired class will receive at least as much as it would if the Debtors were instead liquidated pursuant to chapter 7 of the Bankruptcy Code; and
- (c) is not likely to be followed by the liquidation, or need for further financial reorganization, of the Debtors.

The “cramdown” provisions of section 1129(b) of the Bankruptcy Code permit confirmation of a chapter 11 plan of reorganization in certain circumstances even if the Plan is not accepted by all impaired classes of claims and interests. A detailed description of the requirements for confirmation of the Plan is contained in Section VI of this Disclosure Statement. The Plan may be confirmed with respect to PTI, River North, or both.

If any holders of impaired Claims votes to reject the Plan, the Debtors may seek to satisfy the requirements for confirmation of the Plan under the cramdown provisions of section 1129(b) of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section.

Any objection to Confirmation must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount of the Claim or Interest held by the objector. Any such objections must be filed with the Bankruptcy Court and served upon the persons designated in the notice of the Confirmation Hearing included with this Disclosure Statement and in the manner and by the deadline described therein.

III. BACKGROUND AND CAPITAL STRUCTURE AS OF THE PETITION DATE

III.A. Secured Debt, and Settlement with Republic Bank of Chicago

As of the Petition Date, PTI and River North were jointly indebted in the principal amount of \$900,000 pursuant to a promissory note (the “Note”), dated March 26, 2014 (the “*Debt*”), issued by PTI and River North 414, jointly and severally as co-borrowers, to Edgebrook Bank. The Note matured on March 26, 2015, and the principal balance of the Note was not paid on the maturity date. As security for the repayment of the Debt, the Debtors each executed a Commercial Security Agreement, dated as of March 26, 2014, pursuant to which each Debtor pledged a first-priority security interest in certain of their respective personal property assets. Edgebrook Bank filed UCC-1 financing statements perfecting its security interests.

Subsequently, in May 2015, Edgebrook Bank was closed, and its assets and liabilities became subject to a receivership proceeding commenced by the Federal Deposit Insurance Corporation (“*FDIC*”). The FDIC assigned Edgebrook Bank’s deposits and certain of its loan portfolio, including the Note, Commercial Security Agreements, UCC-1 Financing Statements, Lisa Hagadorn mortgage and Guaranties (which are the subject of the State Court Case defined in paragraph I below) and related loan documents, to Republic Bank of Chicago (“*Republic Bank*”).

Shortly after taking assignment of the Note, Republic Bank engaged in several litigation efforts to enforce and collect upon it. On March 31, 2016, Republic Bank commenced civil proceedings, by the filing of counterclaims in the civil case styled WM Capital Management, Inc. v. Stejskal, et al., in the United States District Court for the Northern District of Illinois (Case No. 15-CV-8105, the “*District Court Case*”) against each of the Debtors and a third party Lisa Hagadorn, seeking, *inter alia* a judgment in the full amount of the Debt, plus interest and fees, appointment of a receiver over each of the Debtors, and foreclosure of Republic Bank’s mortgage on Lisa Hagadorn’s personal residence.

In addition, on or about March 2, 2016, Republic Bank commenced a civil proceeding in the Circuit Court of Cook County, Illinois (Case No. 2016 L 003249, the “*State Court Case*”), against the three guarantors of the Debt: Regina Lakshmanan, Adam Cisek and Louis Canellis (the “*Guarantors*”). In this proceeding, Republic Bank sought judgment in its favor against each of these Guarantors based upon their guaranty obligations.

On April 18, 2016, an order was entered in the District Court Case appointing a Receiver for all of the non-real estate assets of PTI. In addition, in the District Court Case, a hearing was scheduled for May 24, 2016 by Republic Bank on its Motion for the Appointment of a Receiver for all of the non-real estate assets of River North.

Republic Bank’s collection efforts ultimately prompted the Debtors to file these Chapter 11 Cases, and the Debtors expressed their intention from the outset to utilize the protections of the Bankruptcy Code to resolve Republic Bank’s claims in an expedient and cost-efficient manner.

The Debtors’ strategy for resolving the Republic Bank Debt was two-fold: (i) recovering certain pre-Petition Date equity distributions made to PTI shareholders; and (ii) negotiating with

Republic Bank on a global settlement that would result in the satisfaction of the Debt and broad releases of the Debtors and the PTI shareholders. This strategy ultimately proved successful.

Shortly after the Petition Date, PTI made a demand upon each of its shareholders, requesting that they return a portion of the equity distribution that they received from a \$3.125 million lease termination payment that was received by PTI from its landlord, Amalgamated Properties, L.L.C. PTI alleged that these equity distributions constituted avoidable fraudulent transfers pursuant to section 548(a) of the Bankruptcy Code and the Illinois Uniform Fraudulent Transfer Act. Prior to a deadline of July 8, 2016, twenty-three (23) of PTI's twenty-seven (27) shareholders voluntarily agreed to return a portion of their distributions. After filing an adversary proceeding, the four (4) holdout shareholders each agreed to participate in a settlement (though settlement negotiations remain pending with one of those shareholders).

Concurrently, PTI engaged in negotiations with Republic Bank concerning the resolution of Republic Bank's claims. The parties ultimately agreed that if PTI made a payment of \$900,000 to Republic Bank by no later than September 30, 2016, Republic Bank would agree to accept such amount in full satisfaction of the Debtors' Debt obligations, and would agree to release (i) the Debtors; (ii) all shareholders participating in the settlement; and (iii) two individual guarantors.

Between shareholder settlement payments and Cash in the PTI estate, PTI successfully raised, and transmitted to Republic Bank, \$900,000 by the September 30, 2016 deadline. The Bankruptcy Court entered an order approving the settlements between (i) the Debtors and Republic Bank and (ii) PTI and the participating shareholders (Docket No. 58, the "*PTI Settlement Order*"). Accordingly, the Debtors no longer have any secured indebtedness. Moreover, as a result of the settlements, Republic Bank withdrew its *Motion for Appointment of a Chapter 11 Trustee* (Docket No. 15 in Case No. 16-17325, the "*Trustee Motion*"), and a September 20, 2016 evidentiary hearing scheduled for both the Trustee Motion and PTI's *Motion for Entry of an Order Approving Settlement Agreement Between Premium Themes, Inc. and Participating Shareholders* (Docket No. 44 in Case No. 16-17324, the "*Settlement Motion*") was canceled.

III.B. Unsecured Non-Insider Trade Debt

Class 2 (River North Unsecured Claims) – Holders of non-insider River North Unsecured Claims are owed approximately \$103,000. Except to the extent that a Holder of an Allowed Claim in Class 2 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 2, each such Holder shall receive: (i) its Pro Rata share of the River North Cash; and (ii) its Pro Rata share of the OD Equity.

Class 6 (PTI Unsecured Claims) – Holders of non-insider PTI Unsecured Claims are owed approximately \$8,500. Except to the extent that a Holder of an Allowed Claim in Class 6 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 6, each such Holder shall receive its Pro Rata share of the PTI Cash.

III.C. Unsecured Insider Trade Debt

Class 3 (River North Insider Unsecured Claims) – Holders of River North Insider Unsecured Claims are owed approximately \$450,000. Except to the extent that a Holder of an Allowed Claim in Class 3 agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 3, each such Holder shall receive its Pro Rata share of the OD Equity.

III.D. Debtor Equity Interests

Class 4 (River North Equity Interests) – On the Effective Date, all Equity Interests in River North shall be cancelled and extinguished in their entirety; provided that Holders of River North Equity Interests shall have the opportunity to participate in the River North Repurchase.

Class 7 (PTI Equity Interests) – The Holders of the PTI Equity Interests funded the vast majority of the \$900,000 Debt settlement payment made to Republic Bank, which such payment is being treated as a new value contribution to River North. Accordingly, on the Effective Date, each Holder of PTI Equity Interest, to the extent such Holder participated in the PTI Shareholder Settlement, shall receive:

- (a) If the Newco Transaction occurs with respect to River North, each Holder of a Class 7 Equity Interest shall receive: (i) a Pro Rata Distribution of the OD Equity; and (ii) a Pro Rata share of any PTI Cash remaining after satisfaction in full of all Allowed Class 6 Claims.
- (b) If a Competing Sale Transaction occurs with respect to River North, each PTI Equity Interest shall be deemed converted into a Class 3 River North Insider Unsecured Claim in the amount of the Settlement Sum, and shall receive a Pro Rata Distribution of: (i) the River North Cash; and (ii) a Pro Rata Distribution of any PTI Cash remaining after satisfaction in full of all Allowed Class 6 Claims.

Any Holders of PTI Equity Interests that did not participate in the PTI Shareholder Settlement shall not receive any Distribution on account of their PTI Equity Interests, and their PTI Equity Interests shall be extinguished in their entirety.

IV. EVENTS DURING THE CHAPTER 11 CASES

IV.A. Commencement of Chapter 11 Cases

On May 24, 2016, each of the Debtors commenced their Chapter 11 Cases by filing voluntary petitions for relief in the Bankruptcy Court. River North's case is at Case No. 16-17324, and PTI's case is at Case No. 16-17325.

IV.B. Pleadings

On May 31, 2016, the Bankruptcy Court entered an order jointly consolidating the Chapter 11 Cases for administrative purposes only [Docket No. 10], and designating River North's case as the lead case.

On June 29, 2016, the Debtors filed an application to retain Goldstein & McClintock LLLP as their lead bankruptcy counsel [Docket No. 23], which was approved by the Bankruptcy Court on July 6, 2016 [Docket No. 30].

The following material pleadings have been filed in the Debtors' Chapter 11 Cases (except where noted, such pleadings were filed in the lead case of River North):

- On July 22, 2016, River North filed a motion for use of Republic Bank's cash collateral [Docket No. 32]. Republic Bank and River North entered into several agreed interim orders authorizing River North's use of cash collateral on a limited basis [Docket Nos. 35, 50, 59]. The settlement of the Republic Bank Debt ultimately resolved Republic Bank's objections to River North's use of cash collateral.
- Republic Bank's Motion to Appoint Trustee [Case No. 16-17325, Docket No. 15]. This motion was withdrawn in light of the global settlement discussed above.
- Motion for Entry of an Order Approving Settlement Agreement Between Premium Themes, Inc. and Participating Shareholders [Docket No. 44]. Pursuant to this Motion, the Debtors sought entry of an order approving the settlement of PTI's fraudulent transfer claims with certain of its shareholders, as well as releases by the Debtors and Republic Bank of those shareholders. This Motion was contested by Republic Bank, but was ultimately resolved through the PTI Shareholder Settlement.
- Debtors' Motion to Set Last Day to File Proofs of Claim [Docket No. 70]. The Bankruptcy Court entered an order setting a proof of claim bar date of December 12, 2016 [Docket No. 74].

IV.C. Proposed Newco Transaction and Competing Sale Transaction

The Plan is premised upon the sale by River North of substantially all of its personal property assets, including, but not limited to, food and beverage inventory, furnishings, fixtures and equipment, and liquor and business licenses (collectively, the "*River North Assets*"), to a newly-formed limited liability company ("*Newco*"). The membership interests of Newco will be held in equal amounts by: (i) Louie Alexakis, an individual unaffiliated with the Debtors; (ii) BCO LLC, a newly-formed limited liability company whose membership interests will be held by Jesse Boyle (an Insider, and creditor and Holder of Equity Interests in both Debtors), Louis Canellis (an Insider, and creditor and Holder of Equity Interests in River North), and Nick O'Meara (an employee of River North and relative of Jesse Boyle); and (iii) Orleans District LLC (the membership interests of which will be held by, among others, Holders of Class 2 Claims and Class 7 Equity Interests pursuant to the Plan). Upon closing of the Newco Transaction, it is contemplated that Reverie's operations will cease, and the former Reverie space will be remodeled and rebranded as a new restaurant concept.

Newco has offered to purchase the River North Assets for an aggregate purchase price of \$212,000, consisting of (i) a promissory note in the amount of \$88,000, which shall be repaid over a period of 24 months at an interest rate of five percent (5%) per annum, the proceeds of

which will be used to make distributions to holders of Allowed Priority Tax Claims against River North; and (ii) the assumption of all remaining Priority Tax Claims against River North that will not otherwise be satisfied by the promissory note proceeds. The obligations of Newco pursuant to the promissory note shall be the most senior obligation of Newco.

O.P., L.L.C. (“*Licensor*”), which owns the real property in which River North (and after closing of the Newco Transaction, Newco) operates (the “*Premises*”), has permitted River North to operate from the Premises on a month-to-month basis pursuant to a License Agreement dated as of May 1, 2015. In consideration of the Newco Transaction, River North anticipates that Licensor will agree to enter into a long-term lease with Newco, the terms of which will be negotiated prior to the Confirmation Hearing, or will permit Newco to operate at the Premises pursuant to the existing License Agreement. Pending the Effective Date, Licensor shall continue to permit River North to operate its business in the Premises pursuant to the License Agreement.

One-hundred percent (100%) of the membership interests of Orleans District LLC (subject to dilution for River North Repurchases) shall be reserved for, and distributed to, Holders of Class 2 River North Unsecured Claims, Class 3 River North Insider Unsecured Claims, and Class 7 PTI Equity Interests, Pro Rata based on the amount of their Claims (in the instance of Class 2 and 3 Claims) or the amounts that were contributed to the PTI Shareholder Settlement (in the instance of Class 7 PTI Equity Interests) (collectively, and as defined in the Plan and Disclosure Statement, the “*OD Equity*”). This Distribution of OD Equity is intended to provide holders of River North Claims with an opportunity to recover a meaningful portion of the Claims from profits generated by Newco over a period of several years from the Effective Date, and will recognize the significant new value (exceeding \$750,000) invested by the shareholders of PTI in satisfying in full the Republic Bank Debt.

River North recognizes that the Newco Transaction may be considered an “insider” transaction, since a number of the participants in the transaction are current shareholders, creditors, officers and directors of the Debtors, and accordingly, understands that the Newco Transaction may be subject to additional scrutiny by the Bankruptcy Court. The Debtors believe that the Newco Transaction is in the best interests of the estates, creditors and other stakeholders of both Debtors, and the purchase price is likely significantly higher than could be obtained in a Competing Sale Transaction. In particular, the Debtors note the following:

1. Holders of Priority Tax Claims (the Internal Revenue Service and the Illinois Department of Revenue) will receive full payment on account of their claims over time.
2. The scheduled value of the River North Assets was, in the aggregate, approximately \$60,000 (though River North posits that such assets are worth considerably less on in a forced liquidation); the purchase price offered by Newco therefore exceeds the value of the River North Assets by a substantial margin.
3. Because River North is not party to a long-term lease for the Premises that can be assumed or assigned to a competing bidder, it will be exceedingly difficult – if not impossible – to sell Reverie as a going concern; accordingly, the value of the River North Assets to a competing bidder is likely tied to a forced liquidation value.

4. The fact that Licensor has agreed to enter into a long-term lease with Newco for the Premises, as well as the strong track record (and financial wherewithal) of Louie Alexakis, greatly enhances the likelihood that the new restaurant concept planned by Newco will be successful, and therefore, is likely to result in meaningful distributions being made to holders of the OD Equity.

Notwithstanding the foregoing, River North desires to “market test” the River North Assets by offering them for sale to competing bidders through the Plan. A notice of the proposed Newco Transaction, and the opportunity for parties to submit competing bids, shall be served on each of the Debtors’ creditors and equity interest holders by no later than [DATE]. Parties that wish to submit a competing bid for the River North Assets shall submit an executed letter of intent, which shall contain, at a minimum: (i) the identity of the bidder; (ii) the terms of the proposed purchase of the River North Assets, including the purchase price, the River North Assets that are the subject of the bid, and the form of purchase consideration, which must, in the aggregate, be higher or otherwise better than those proposed in the Newco Transaction.; (iii) proof of financial wherewithal (such as an executed letter from a financial institution holding the bidder’s accounts) to close the transaction within fourteen (14) days of the Confirmation Hearing; and (iv) a representation that the offer is not subject to any due diligence or financing contingencies. Bids must be received by the Debtors’ counsel by no later than seven (7) days prior to the Confirmation Hearing date. River North shall have sole discretion to determine whether a bid is a Qualified Competing Bid.

Notice of the proposed Newco Transaction, as well as the opportunity to submit a Competing Bid for the River North Assets, will be advertised in the Sunday edition of the Chicago Tribune not less than three (3) weeks prior to the Competing Bid deadline.

In the event that one or more Qualified Competing Bids is received, an auction for the River North Assets shall be held at the Confirmation Hearing, and shall be conducted according to procedures to be mutually agreed upon by the Debtors, Newco and each Qualified Bidder prior thereto (or if such procedures cannot be agreed to, as set by the Bankruptcy Court). If a Qualified Bidder is selected by the Debtors (subject to Bankruptcy Court approval) as having made the highest and best bid for the River North Assets at the conclusion of the auction (the “*Competing Sale Transaction*”), the Confirmation Order shall provide for the approval of the Competing Sale Transaction pursuant to section 1123(a)(5) of the Bankruptcy Code

IV.D. Claims Process and Bar Date

By order dated October 12, 2016 [Docket No. 74], the Bankruptcy Court established a deadline of December 12, 2016 for creditors to file proofs of claim in the Debtors’ chapter 11 cases..

The Debtors believe they may have valid objections to some of the Claims that have been Filed. Accordingly, the Debtors intend to file objections to Claims on a number of grounds, including, among others, that such Claims: (a) are duplicative of other Claims asserted against the Debtors; (b) were filed after the applicable bar date; (c) have been amended and superseded by subsequently filed Claims; (d) overstate the Debtors’ liability; (e) do not represent a valid obligation of the Debtors; and/or (f) were asserted with the improper priority status.

V. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

V.A. Requirements of Section 1129(a) of the Bankruptcy Code

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtors, including that:

(a) the Plan otherwise complies with the applicable provisions of the Bankruptcy Code;

(b) the Debtors have complied with the applicable provisions of the Bankruptcy Code;

(c) the Debtors, as proponents of the Plan, have proposed the Plan in good faith and not by any means forbidden by law;

(d) disclosure regarding the Plan has been made that is required by section 1125 of the Bankruptcy Code;

(e) the Plan has classified Claims and Interests in a permissible manner;

(f) the disclosures required under section 1129(a)(5) concerning the identity and affiliations of persons who will serve as officers, directors and voting trustees of the Debtors have been made;

(g) the Plan is in the “best interests” of all holders of Claims or Interests in an impaired Class by providing to creditors or interest holders on account of such Claims or Interests property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim or Interest in such Class has accepted the Plan;

(h) the Plan has been accepted by the requisite votes of creditors and equity interest holders in impaired classes, except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code;

(i) at least one Class of Claims that is impaired under the Plan has voted to accept the Plan, without including any acceptance of the Plan by any insider;

(j) the Plan is feasible; and

(k) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid, or the Plan provides for the payment of such fees on the Effective Date.

V.B. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as all of the other requirements for confirmation set forth in section 1129(a) of the Bankruptcy Code have been met and the plan is “fair and equitable” and does not “discriminate unfairly” as to any impaired class that has not accepted the plan. These so-called “cramdown” provisions are set forth in section 1129(b) of the Bankruptcy Code.

V.B.1. Fair and Equitable

The Bankruptcy Code establishes different “cramdown” tests for determining whether a plan is “fair and equitable” with respect to dissenting impaired classes of secured creditors, unsecured creditors and equity interest holders as follows:

Unsecured Creditors. A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides that: (a) each holder of a claim included in the rejecting class receives or retains under the plan, property of a value, as of the effective date of the plan, equal to the amount of its allowed claim; or (b) the holders of claims and interests that are junior to the claims of the rejecting class will not receive or retain any property under the plan on account of their existing interests.

Holders of Interests. A plan is fair and equitable as to a class of interests that rejects the plan if the plan provides that: (a) each holder of an equity interest included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of (i) any fixed liquidation preference to which such holder is entitled, (ii) the fixed redemption price to which such holder is entitled or (iii) the value of the interest; or (b) the holder of any interest that is junior to the interests of the rejecting class will not receive or retain any property under the plan.

In the event the Debtors do not receive sufficient votes in favor of the Plan from the holders of Impaired Claims for such classes to have accepted the Plan, the Debtors reserve the right to seek confirmation through cramdown, to modify the Plan, or to determine, in their sole discretion, not to seek to confirm the Plan.

V.B.2. “Unfair Discrimination”

A plan of reorganization does not “discriminate unfairly” if a dissenting class is treated substantially equally with respect to other classes similarly situated, or any discrimination among the classes is determined not to be unfair by the Bankruptcy Court.

V.C. Best Interests of Creditors Test; Liquidation Analysis

Notwithstanding acceptance of the Plan by each impaired Class, to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Interest in any such impaired Class who has not voted to accept the Plan. If an impaired Class does not accept the Plan, the “best interests” test requires that the Bankruptcy Court find that the Plan provides to each member of such impaired Class a recovery on account of the member’s Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the applicable Debtor or Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

Classes 2, 3, 4, 6 and 7 are impaired under the Plan. To estimate what members of the impaired Classes would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the cash that would be available if each of the Chapter 11 Cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor's assets were liquidated by a chapter 7 trustee (the "*Liquidation Value*"). The Liquidation Value of a Debtor would consist of the net proceeds received from the disposition of such Debtor's assets plus any cash held by such Debtor.

The information contained in Exhibit II hereto provides a summary of the Liquidation Values of the Debtors' interests in property, assuming a chapter 7 liquidation in which one or more trustees appointed by the Bankruptcy Court would liquidate each Debtor's properties and interests. The Liquidation Values were prepared solely for use in this Disclosure Statement and do not represent values that are appropriate for any other purpose. Nothing in this analysis will be intended to or constitute a concession by or admission of any Debtor for any purpose.

The Debtors believe that a chapter 7 liquidation of each of the Debtors' Estates would result in diminution in the value to be realized by holders of Claims, as compared to the proposed distributions under the Plan.

V.D. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court will have to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which requires that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. Given the nature of the Debtors' assets and business, this Court need not make this determination.

PTI's assets were substantially liquidated prior to the Petition Date, and under either a Newco Transaction or a Competing Sale Transaction, River North's assets will be liquidated pursuant to this Plan. Accordingly, both of the Debtors will have liquidated substantially all of their assets. For this reason, the Debtors have not provided the detailed financial information required pursuant to Local Rule 3016-1(2).

VI. RISK FACTORS

Prior to voting on the Plan, each holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement, including the Exhibits hereto. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation. See Section XV for a discussion of certain tax considerations in connection with the Plan.

VI.A. Risks In Connection with the Reorganization Cases

VI.A.1. Risk of Non-Confirmation of the Plan

Even if all impaired Classes accept or are deemed to accept the Plan, the Plan may still not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code, which sets forth the requirements for Confirmation, requires, among other things: (a) that Confirmation not be followed by a need for further reorganization or liquidation (*i.e.*, that the plan is “feasible”); (b) that the value of distributions to dissenting holders not be less than the value of distributions to such holders if the Debtors were liquidated under chapter 7 of the Bankruptcy Code; and (c) that the Plan and the Debtors otherwise comply with the applicable provisions of the Bankruptcy Code. Although the Debtors believe that the Plan will meet all of the applicable requirements, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

VI.A.2. Nonconsensual Confirmation

Pursuant to the “cramdown” provisions of section 1129 of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Debtors’ request if, excluding the acceptance of any “insider,” at least one impaired Class has accepted the Plan and the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each impaired Class that has not accepted the Plan.

The Debtors reserve the right to modify the terms of the Plan, as necessary, to seek Confirmation without the acceptance of all impaired Classes. Such modification could result in less favorable treatment for non-accepting Classes of Claims than the treatment currently provided for in the Plan. Further, in the event an impaired Class of Claims fails to approve the Plan, the Debtors may determine, in their sole discretion, not to seek Confirmation of the Plan.

VI.A.3. Conditions Precedent to the Effectiveness of the Plan

Even if confirmed, the Plan may still not become effective if the conditions to effectiveness set forth in Article VI.C of the Plan are not satisfied, or duly waived in accordance with the Plan. *See* Section XII to this Disclosure Statement for a description of the conditions to the effectiveness of the Plan.

VI.A.4. The Debtors May Object to the Amount, or the Priority Status, of a Claim

The Debtors reserve the right to object to the amount, or the Priority status, of any Claim. Any such Holder of a Claim will receive its specified share of the estimated distributions described in the Disclosure Statement only to the extent its Claim becomes an Allowed Claim.

VI.A.5. Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, until the Effective Date of the Plan, the Debtors will retain and may enforce causes of action against creditors. Accordingly, a holder of a Claim may be subject to one or more such claims brought by the Debtors, even if such holder has voted in favor of the Plan.

VI.A.6. Failure to Enter Into the Newco Transaction or Competing Sale Transaction

While the Debtors believe that the Newco Transaction or a Competing Sale Transaction is probable, failure to enter into either transaction will derail the Debtors' implementation of the Plan and may result in the conversion or dismissal of the Debtors' Chapter 11 Cases.

VII. MEANS FOR IMPLEMENTATION OF THE PLAN

VII.A. Continued Corporate Existence

Except as otherwise provided in the Plan, both Debtors will, continue to exist after the Effective Date as a separate legal Entity, with all the powers of a corporation or other applicable form of legal entity under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law.

VII.B. Newco Transaction or Competing Sale Transaction

The Confirmation Order shall approve either the Newco Transaction or the Competing Sale Transaction, as applicable, pursuant to sections 363 and 1123(a)(5) of the Bankruptcy Code, and shall include provisions making clear that any sale(s) hereunder shall be free and clear of claims, liens, and encumbrances, to the greatest extent permitted by the Bankruptcy Code. Upon Confirmation, the Debtors shall be authorized to take any and all action necessary to consummate the Newco Transaction or Competing Sale Transaction, as applicable.

VII.C. Preservation of Rights of Action; Settlement of Claims and Releases

VII.C.1. Preservation of Rights of Action by the Debtors

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code and to the fullest extent possible under applicable law, any Causes of Action, other than any Causes of Action against the Released Parties (or any other party that received a release in the Chapter 11 Cases) are expressly preserved until the Effective Date; if the Debtors have not commenced a Cause of Action by the Effective Date, such Cause of Action shall be deemed waived and release in its entirety.

VII.C.2. Comprehensive Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided under the Plan, the provisions of the Plan, including the releases set forth in Article IX.E of the Plan, shall constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Claim, Interest, or any Distribution to be made pursuant to the Plan on account of any Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors and their respective property and Claim and Interest holders and is fair, equitable, and reasonable.

VII.C.3. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document assumed, entered into or delivered in connection with the Plan, to the extent not already released pursuant to the PTI Settlement Order, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article III of the Plan, all mortgages, deeds of trust, liens, or other security interests against any property asserted by Republic Bank of Chicago shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, shall revert to the applicable Debtor, as the case may be.

VII.D. Cancellation and Surrender of Instruments, Securities and Other Documentation

Except as otherwise provided in the Plan or in any contract, instrument, or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article V of the Plan, the holders of or parties to such cancelled instruments, securities, and other documentation shall have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided pursuant to the Plan.

VIII. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Any executory contracts or unexpired leases which have not (i) expired by their own terms on or prior to the Effective Date, or (ii) been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court, shall be deemed rejected by the Debtors as of the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of the rejection of such executory contracts and unexpired leases pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any party to an executory contract or unexpired lease rejected pursuant to the Plan shall file a proof of claim by the Rejection Claims Bar Date in order for its Claim to be considered.

IX. PROVISIONS GOVERNING PLAN DISTRIBUTIONS

IX.A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, Distributions to be made on the Effective Date to holders of Claims that are Allowed Claims as of the Effective Date shall be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable.

IX.B. Method of Distributions to Holders of Claims

Cash payments, made pursuant to the Plan, shall be in U.S. dollars and, at the option and in the sole discretion of the Debtors (or where applicable, Newco), be made by (a) checks drawn on or (b) wire transfers from a domestic bank selected by Debtors (or where applicable, Newco).

IX.C. Delivery of Distribution and Undeliverable or Unclaimed Distributions

IX.C.1. Delivery of Distributions

Subject to the provisions of Rule 2002(g) of the Bankruptcy Rules, and except as otherwise provided herein, distributions and deliveries to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by the address set forth on timely filed proof(s) of claim or some other writing Filed with the Bankruptcy Court and served upon the Debtors.

IX.C.2. Undeliverable Distributions

a. Holding of Undeliverable Distributions

If any Distribution to any Holder of an Allowed Claim is returned to the Debtors (or where applicable, Newco) as undeliverable, no further Distributions shall be made to such Holder unless and until the Debtors (or where applicable, Newco) are notified by such Holder, in writing, of such Holder's then-current address. Upon such an occurrence, the appropriate Distribution shall be made as soon as reasonably practicable after such Distribution has become deliverable. All Entities ultimately receiving previously undeliverable Cash shall not be entitled to any interest or other accruals of any kind. Nothing contained in the Plan shall require the Debtors or Newco to attempt to locate any Holder of an Allowed Claim.

b. Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim entitled to an undeliverable or unclaimed Distribution that does not provide notice of such Holder's correct address to the Debtors (or where applicable, Newco) within ninety (90) days after the date of the initial Distribution made to such Holder, shall be deemed to have forfeited its claim for such undeliverable or unclaimed Distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed Distribution. If, after ninety days, Distributions remain unclaimed, unclaimed Distributions will become Forfeited Distributions and such amounts shall become the property of Newco or the PTI Estate, as applicable.

IX.D. Set-Offs

Consistent with applicable law, the Debtors may, but shall not be required to, set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account thereof (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors or their Estates may hold against the Holder of such Allowed Claim; provided, however, that neither the failure to effect such a set off nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtors or their Estates of any such claims, rights, and Causes of Action that the Debtors or their Estates may possess against such Holder.

IX.E. Postpetition Interest

Except as otherwise provided herein or as required by applicable bankruptcy law, Postpetition Interest shall not be disbursed on account of any Claim.

X. PROCEDURES FOR RESOLVING DISPUTED CLAIMS

X.A. Prosecution of Objection to Claims

The Debtors shall file any objections to Disputed Claims prior to the Effective Date. All objections shall be litigated to Final Order if they cannot otherwise be settled by the Debtors. Any objections to Claims shall be resolved or litigated by the Debtors, in their sole discretion. The Debtors shall have sole and complete discretion to not review and/or object to scheduled or Filed Claims, including, without limitation, to not object to claims below a certain dollar amount to the extent the Debtors believe that such review and/or objection would be uneconomical.

X.B. Treatment of Disputed Claims

Notwithstanding any other provisions of the Plan, no payments or Distributions shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim.

X.C. Enforcement of Bar Date Order

In accordance with section 502(b)(9) of the Bankruptcy Code, any Entity that failed to File a proof of Claim by the applicable Bar Date and was not otherwise permitted to File a proof of Claim after the applicable Bar Date by a Final Order of the Bankruptcy Court is and shall be

barred, estopped and enjoined from asserting any Claim against the Debtors (i) in an amount that exceeds the amount, if any, that is identified in the Schedules on behalf of such Entity as undisputed, noncontingent, and liquidated or (ii) of a different nature or a different classification than any Claim identified in the Schedules on behalf of such Entity. All Claims Filed after the applicable Bar Date and for which no Final Order has been entered by the Bankruptcy Court determining that such Claims were timely Filed shall be disallowed and expunged. Any Distribution on account of such Claims shall be limited to the amount, if any, listed in the applicable Schedules as undisputed, noncontingent, and liquidated.

XI. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

XI.A. Conditions to Confirmation

The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtors, and
2. The Debtors being authorized to take all actions necessary or appropriate to enter into, implement, and consummate the Plan and other agreements or documents created in connection with the Plan.

XI.B. Conditions to the Effective Date

For each Debtor, the occurrence of the Effective Date and the Consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. Confirmation Order. The Confirmation Order as entered by the Bankruptcy Court shall be a Final Order in full force and effect, in form and substance reasonably satisfactory to the Debtors.
2. Effective Date Transactions. For River North, one of the Effective Date transactions contemplated in Article VI.C of the Plan shall have been completed.

XII. DISCHARGE, INJUNCTION AND SUBORDINATION RIGHTS

XII.A. Discharge of Claims

In light of the liquidation of the assets of both Debtors, neither of the Debtors will receive a discharge under the Plan in accordance with section 1141 of the Bankruptcy Code.

XII.B. Injunctions

Except as otherwise expressly provided in the Plan, all Entities that receive Distributions under the Plan and that have held, hold, or may hold Claims against or Equity Interests in the Debtors are permanently enjoined, from and after the Effective

Date, from taking any of the following actions against any of the Debtors, their Estates, or any of their property on account of any Claims or causes of action arising from events prior to the Effective Date: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation, or recoupment of any kind against any obligation, debt or liability due to the Debtors.

By accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

XIII. FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. Neither the Debtors, nor any other party in interest have requested a ruling from the Internal Revenue Service (the “IRS”) or an opinion of counsel concerning same. This Disclosure Statement does not discuss all aspects of federal income taxation that may be relevant to a particular holder of a Claim or Interest in light such holder’s individual investment circumstances or to holders subject to special treatment under the federal income tax laws.

ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO IT UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS. NOTHING CONTAINED HEREIN SHOULD BE CONSIDERED A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED ON A HOLDER’S INDIVIDUAL CIRCUMSTANCE.

XIV. ADDITIONAL INFORMATION

Any statements in this Disclosure Statement concerning the provisions of any document are not necessarily complete, and in each instance reference is made to such document for the full text thereof.

XV. RECOMMENDATION AND CONCLUSION


The Debtors believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Claims to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before **5:00 p.m., Central Time, on _____, 2017.**

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Dated: December 20, 2016

Respectfully submitted,

RIVER NORTH 414, LLC AND PREMIUM THEMES, INC.

By: 

Jesse Boyle
Authorized Representative

COUNSEL:

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