

IN RE:)	
Creative Foods, LLC.)	
)	Case No. 16-19927
)	Chapter 11
)	
Debtor.)	Judge Jack B. Schmetterer
)	
)	

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I. INTRODUCTION

This is the proposed disclosure statement (the “Disclosure Statement”) in the Chapter 11 case of Creative Foods LLC (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the Debtor’s Plan of Reorganization (the “Plan”) filed by Debtor on October 18, 2016. A full copy of the Plan is included with the Disclosure Statement. ***Your rights may be affected. 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 greater detail at pages 5 through 9 of this Disclosure Statement. Generally, the Plan provides that all administrative creditors will be paid in full. The allowed secured claim of Ridgestone Bank will receive its principal balance paid in full; however, its principal balance will accrue interest at a reduced rate of 3.5%; and allowed unsecured priority creditors will be paid in full. General unsecured claims will be paid 10% of their respective claims. Debtor’s officers will not receive a distribution.

A. Purpose of this Document

This Disclosure Statement describes:

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

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement only describes the Plan. The Plan itself will if confirmed, establish your rights.

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

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

1. *Time and Place of the Hearing to Approve this Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to approve this Disclosure Statement and confirm the Plan will take place on **October 20, 2016** at 10:30 a.m. in Courtroom 682 at 219 South Dearborn Street, Chicago, Illinois 60604.

2. Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot to the addresses appearing below your signature line. See section IV. A below for a discussion of voting eligibility requirements.

Your ballot must be received by **TBD**, or it will not be counted.

3. Deadline for Objecting to the Adequacy of this Disclosure Statement and Confirmation of the Plan

Objections to this Disclosure Statement or to confirmation of the Plan must be filed with the Court and served upon the following person by **TBD**:

Timothy Foley
FORNARO LAW
1022 S. LaGrange Road
LaGrange, IL 60525
(708) 639-4320
(708) 390-0665 facsimile
Email: tim@fornarolaw.com

David P. Lloyd
David P. Lloyd, Ltd.
615B S. LaGrange Road
LaGrange, IL 60525
708-937-1264
708-937-1265 facsimile

4. Identity of Person to Contact for More Information

Timothy Foley
FORNARO LAW
1022 S. LaGrange Road
LaGrange, IL 60525
(708) 639-4320
(708) 390-0665 facsimile
Email: tim@fornarolaw.com

David P. Lloyd
David P. Lloyd, Ltd.
615B S. LaGrange Road
LaGrange, IL 60525
708-937-1264
708-937-1265 facsimile

D. Disclaimer

The Court has not yet approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation.

II. BACKGROUND

A. Description and History of the Debtor's Business

This Court has jurisdiction over the matters raised in this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b) (2). On June 17, 2016 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code (the "Case"). The Case was initially filed to prevent certain accounts of the Debtor from being seized pursuant to a threatened tax levy and to allow Debtor the adequate time to reorganize its business. The Debtor remains in possession of its assets and continues to operate its business as debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. Debtor is an Illinois limited liability company. It employs 24 people. The Debtor has been operating pursuant to cash collateral orders entered by this Court that have allowed the Debtor to continue operations.

B. Insiders of the Debtor

Kristin Swigon and Anthony Swigon are insiders of the Debtor as defined by Section 101(31) of the Bankruptcy Code. Kristin Swigon holds a majority interest of the Debtor.

C. Management of the Debtor Before and During Chapter 11 Case

Anthony Swigon continues to serve as General Manager of the Debtor. He is responsible for the day-to-day operations of the business.

D. Events Leading to Chapter 11 Filing

When the Case was filed, the Debtor was experiencing severe financial difficulties, including imminent threat of enforced collection by IRS. This would have caused a severe hardship for the Debtor, which would have likely caused irreparable harm to the Debtor's business. In addition, the Debtor obtained various high interest loans to supplement its cash-flow, which resulted in monthly installments that the Debtor could not reasonably sustain.

E. Significant Events During the Bankruptcy Case

1. Post-Filing Operations and Future Plans

Debtor has concentrated on maintaining a high level of service while simultaneously reducing its labor costs by 3% and it has reduced its cost of goods by 4.5%. To generate additional cash-flow to support the Plan, the Debtor will begin to serve lunch on November 1, 2016. The Debtor anticipates that lunch service will generate additional cash-flow of approximately \$5,100 per month as reflected in the *pro forma* that is appended hereto as Exhibit 1.

2. Court Proceedings

Debtor's case has proceeded in an orderly fashion. Debtor was granted leave to retain counsel and to use cash collateral. In order to aid with post-petition operations, the Bankruptcy Court entered a series of orders allowing Debtor to use cash collateral while acknowledging the security interest of Ridgestone Bank. Finally, a bar date for filing proofs of claim has been set for December 1, 2016.

F. Projected Recovery of Avoidable Transfers

Pursuant to the Bankruptcy Code, the Debtor has the power to avoid transactions that are considered unfair to the creditors. The primary avoidable transactions are:

1. *Preferences*: The ability to avoid a transfer that was made within 90 days prior to the filing of a bankruptcy case or within 1 year of the filing of the case if the transferee was an insider. The preferential transfer is made on an antecedent debt made while the debtor was insolvent and allows the creditor to receive more than it would have in a Chapter 7 liquidation;
2. *Fraudulent Transfers*: The ability to avoid a transfer made with the actual intent to hinder or delay creditors or that rendered the debtor insolvent; and
3. *"Strong Arm "*: This avoidance power allows the Debtor to avoid unperfected liens.

The Debtor has not yet completed its investigation with regard to prepetition transactions. If you received payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Bankruptcy Code, the Debtor may seek to avoid the transfer.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor strictly and explicitly reserves the right to object to claims. The Bankruptcy Court set December 1, 2016 as the deadline to file claims by non-governmental units and, as the deadline for governmental units to file claims. 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 VII of the Plan.

Debtor has not completed its review and analysis of all claims filed. Debtor reserves the right to object to claims if they are without merit, in whole or in part.

H. Current and Historical Financial Conditions

The identification and fair market value of the Estate's assets are listed in Exhibit 2, which attached hereto. Pages 1-2 of the Debtor's income tax returns are appended hereto as Exhibit 3.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIM AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

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

B. Unclassified Claims

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

The unclassified claims consist of administrative expenses. These expenses are allowed under §507(a) (2) and 507(a) (8) (b) of the Bankruptcy Code. Administrative expenses may 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 Bankruptcy 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's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Professional fees	\$ TBD	Paid in full on the Effective Date of the Plan unless agreed or unless the fees have not yet been approved by the Bankruptcy Court. For fees approved after the Effective Date and before the entry of an order approving the fees, payment will be made on the 11 th day after the entry of an order approving the fees.

Office of the U.S Trustee Fees	\$ TBD	Paid in full on the Effective Date of the Plan or when due whichever occurs later.
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** These entities are not entitled to vote on confirmation of the Plan.*

C. Classes of Claims and Equity Interests

1. Class of Allowed Secured Claim of Ridgestone Bank

Class One consists of the allowed secured claim of Ridgestone Bank (“Ridgestone”) in the amount of \$331,805. Class One is impaired under the Plan because Ridgestone will be paid 3.5% interest on its claim, rather than the interest rate reflected in the Note, which is Prime plus 2.75%.

The following chart identifies the Plan’s proposed treatments of Class One, which contains a secured claim against the Debtor.

Class #	Description	Impairment	Treatment
1	Allowed Secured Claim of the Ridgestone Bank in the amount of \$331,805.	Impaired	Paid Quarterly in payments of \$16,374

** This secured claim is impaired and is therefore entitled to vote on confirmation of the Plan.*

2. Class of Allowed Unsecured Priority Claims of Internal Revenue Service and Illinois Department of Revenue

Class Two consists of the allowed, unsecured, priority tax claims of the Internal Revenue Service (“IRS”) in the amount of \$186,704 and the Illinois Department of Revenue (“IDOR”) in the amount of \$44,000. Class Two is unimpaired because the IRS and the IDOR shall be paid in-full.

The following chart identifies the Plan's proposed treatment of Class 2 Claims.

Class #	Description	Impairment	Treatment
2	Allowed Unsecured Priority Claims of IRS in the Amount of \$186,704; and, IDOR in the amount of \$44,000.	Not Impaired	<p>IRS: Quarterly payments of \$7,779 over five years beginning on the Initial Distribution Date.</p> <p>IDOR: Quarterly payments of \$1,834 over five years beginning on the Initial Distribution Date.</p>

3. *Class of Allowed General Unsecured Claims*

Class Three consists of all allowed general, unsecured claims in the amount of \$566,717. Class Three is impaired because all members of this class will be paid 10% of their claims.

The following chart identifies the Plan's proposed treatment of Class 3 Claims.

Class #	Description	Impairment	Treatment
3	All Other Allowed General Unsecured Claims \$566,717	Impaired	<p>Will be paid 10 % of their claims</p> <p>Quarterly payments of \$2,833 over five years beginning on the Initial Distribution Date plus interest</p>

4. *Class of Debtor Insiders*

Class Four consists of Debtor insiders.

The following chart sets forth the Plan's proposed treatment of Class 4 Claims.

Class #	Description	Impairment	Treatment
4	Debtor's Insiders	Impaired	Will receive no distributions.

b. Ownership interests in the Reorganized Debtor.

Kristin Swigon and Anthony Swigon (collectively referred to as "Owners") have offered to pay \$5,000.00, *pro rata* pursuant to their current ownership interests for one hundred percent (100%) of the ownership interests of the post-confirmation Debtor ("Reorganized Debtor"), which shall be paid on the Effective Date. All Creditors and the general public will have an opportunity to bid for one hundred percent (100%) of the ownership interests in the Reorganized Debtor upon the same terms and conditions offered by the Officers, in accordance with the following procedures (as may be approved by the Bankruptcy Court not less than seven (7) days preceding the Confirmation Hearing (the "Bid Procedures"). Creditors will not be permitted to bid their claims as part of the purchase price. The Debtor will publish notice of the sale and the terms of the sale in a newspaper of general circulation at least fourteen (14) days prior to the hearing on confirmation of the Plan. Those parties seeking to acquire one hundred percent (100%) of the ownership interests in the Reorganized Debtor will be required to serve written notice of their intention to bid on counsel to the Debtor and the U.S. Trustee (the "Notice Parties"), which notice shall contain the bidder's name, address, financial statements and tax returns for the last two years, the terms of the bid and a verified statement that if the bid is accepted, the bidder will agree to abide by the terms of the sale as described above and perform the obligations of the Plan in their entirety. The written notice must be received by Debtor's counsel on or before the last day to file ballots accepting or rejecting the Plan. The failure to provide written notice within the time provided will be deemed a waiver of the opportunity to purchase one hundred percent (100%) of the ownership interests in the Reorganized Debtor. In the event that there are competing bids for one hundred percent (100%) of the ownership interests in the Reorganized Debtor, the Court will hold an auction at the Confirmation Hearing. Competing bids will be offered at increments of \$2,500.00. The successful bidder shall then be awarded one hundred percent (100%) of the ownership interests in the Reorganized Debtor. Payment for the ownership interests will be due on the eleventh day after the Effective Date of the Plan. In the event that the successful bidder fails to make the required payment, then the bid will be deemed withdrawn and the ownership interests will be awarded to the next highest bidder. Prospective bidders should be aware of the legal requirements to own and operate the Reorganized Debtor.

D. Means of implementing the Plan

1. Source of Payments

The source of payments will be the future cash-flow generated by the Debtor.

2. Post-confirmation Management

The Post-Confirmation Manager of the Debtor, and his compensation, shall be as follows:

Name	Affiliations	Insider? (Yes or No)	Position	Compensation
Kristin Swigon and Anthony Swigon	Owners	Yes	General Manager (Anthony Swigon)	Anthony Swigon- \$72,000/annually.

3. General Operations and Distributions Under the Plan

The Plan contemplates that the Reorganized Debtor will continue to operate its business.

The Effective Date ("Effective Date") of the Plan will be the eleventh business day following the date of the entry of the order of confirmation. But, if a stay of the confirmation order is in effect on that date, the Effective Date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order is not vacated.

The Initial Distribution Date ("Initial Distribution Date") will be the ninetieth day after the Effective Date.

After the Effective Date of the Order confirming the Plan, the owners, officers, and, or successor of the Debtor under the Plan (collectively the "Post Confirmation Manager"), will be Anthony Swigon and Kristin Swigon.

4. Vesting of Assets

On the Effective Date of the Plan, Debtor's right, title and interest in and to its assets shall vest in the Reorganized Debtor, pursuant to 1141(b) of the Bankruptcy Code, free and clear of all claims and interests except as provided in the Plan.

E. Executory Contracts and Unexpired Leases

The Debtor will assume the unexpired, non-residential lease and continue to operate its restaurant at the real estate located at One Walker Avenue, Clarendon Hills, Illinois.

F. Risk Factors

Certain substantial risk factors are inherent in most commitments made pursuant to a Plan of Reorganization in a Chapter 11 case. If such plans are accepted, it is usually because they represent a greater hope for returns and dividends than in a liquidating Chapter 7 case. All of the risk factors inherent in commitments made pursuant to a Plan of Reorganization in Chapter 11 cases are present in this case.

Debtor's business is dependent upon the economy and its ability maintain its loyal customer base, as well as attract new customers to ensure that it can generate sufficient cash-flow to support and sustain the payments contemplated in the Plan.

The Plan contemplates that Anthony Swigon and Kristin Swigon will be owners of the the Reorganized Debtor. Specifically, Anthony Swigon's experience and understanding of the Debtor's business and its day-to-day operations has immense intrinsic value. In the event that Anthony Swigon and Kristin Swigon are not the successful bidders for ownership interests in the Reorganized Debtor, the Debtor will most likely experience severe and irreparable hardship without their active participation. Debtor cannot assure that its reorganization will be effective without the Owners' continued leadership and active day-to-day participation.

G. Tax Consequences of the Plan

Creditors and Equity Interest Holders concerned with how the Plan may affect their tax liability should consult with their own accountants, attorneys or other advisors.

Pursuant to section 166 of the Internal Revenue Code the amount of any debt discharged in this proceeding can be deducted by creditors from their gross income to the extent of their tax basis in the debt discharged. Creditors are advised to consult with their tax advisors with respect to the specific consequences to them resulting from the discharge which may depend upon their specific circumstances

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmed, the Plan must meet the requirements listed in §§1129(a) or (b) of the Bankruptcy 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 and equity interest holder at least as much as the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity interest holder 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 have not been met. Parties in Interest may also object to the Disclosure Statement if they believe that it fails to contain adequate information.

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

In this case, the Debtor believes that Classes 1 and 3 are impaired and that holders of claims in those Classes are therefore entitled to vote to accept or reject the Plan. The Debtor believes that only those claims, which are unimpaired and those holders of claims in each of these classes therefore do not have the right to vote or accept or reject the Plan.

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

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, 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 or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote. However, the Bankruptcy Court, after notice and hearing, may overrule the objection or allow the claim or equity interest for voting purposes pursuant to Bankruptcy Rule 3018(a).

2. What is an Impaired Claim or Impaired Equity Interest?

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in §1124 of the Bankruptcy 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 types of claims and equity interests are not entitled to vote:

- Holders of claims and equity interests that have been disallowed by an order of the Court;
- Holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as described above, unless they have been "allowed" for voting purposes;
- Holders of claims or equity interests in unimpaired classes;
- Holders of claims entitled to priority pursuant to §§507(a)(2), (a)(3) and (a)(8) of the Bankruptcy Code;
- Holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- Administrative Expenses.

Even if you are not entitled to vote on the plan, you have a right to object to the confirmation of the Plan or 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. Debtor will enclose a ballot for each creditor entitled to vote which will designate the appropriate voting class for the creditor.

B. Votes Necessary to Confirm the Plan

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" and non-accepting classes, as discussed later in section B.2.

1. Votes Necessary for a Class to Accept the Plan

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

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Bankruptcy Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Bankruptcy Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all of the requirements for consensual confirmation except the voting requirements of § 1129(a) (8) of the Bankruptcy 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 Bankruptcy Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in Chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit 4, which is attached hereto.

C. Feasibility

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

1. Ability to Initially Fund Plan

The Debtor believes that it 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. Debtor has prepared a *pro forma* that is appended hereto as Exhibit 5 that shows it will have sufficient funds to make the initial payments.

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

The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Debtor's projected cash-flow is reflected in the attached *pro forma* (Exhibit 5). Although the Debtor's financial forecasts demonstrate a profit, it must be remembered that the Debtor's income is inconsistent and subject conditions outside the Debtor's control that have had and may continue to have an effect on the Debtor's performance.

The Debtor's financial projections show that after paying operating expenses Debtor will generate sufficient income to fund the Plan. During the five years of the Plan, Debtor anticipates that after the Plan payments are made, it will have sufficient cash reserves to cover unanticipated expenses. The final Plan payment is expected to be five years after the Initial Distribution Date.

You should consult with your accountant or other Financial Advisor if you have any questions pertaining to these projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the Effective Date, to the extent specified in §1141(d)(1)(A) of the Bankruptcy Code. However, Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in §1141(d) (6) (A) if a timely complaint was filed in accordance with Bankruptcy Rule 4007(c), or of a kind specified in §1141(d) (6) (B). After the Effective Date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of the Plan

The Debtor may modify the Plan at any time before confirmation of the Plan. However, the Bankruptcy Court may require a new disclosure statement or a new vote on the Plan. The Debtor 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 authorized the proposed modification after notice and a hearing.

C. Final Decree

Once the estate has been fully administered, as provided in Bankruptcy Rule 3022, the Debtor, or such other party as the Bankruptcy 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 Bankruptcy Court may enter a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

A. Post-Petition Adjustments

1. *Purchase of claims.* The Reorganized Debtor shall have the right to purchase or otherwise acquire the claims of any creditor, provided that any offer to purchase or otherwise acquire such claim shall be made to all the Creditors in the Creditor's Class in writing and upon notice to the Creditor Trustee.

2. *Prepayment.* The Reorganized Debtor reserves the right to offer prepayment of claims to creditors before the expiration of the Plan without penalty or premium. Acceptance of prepayment by creditors shall be purely voluntary. The prepayment shall be conditioned upon: (i) no affect or impairment of the Reorganized Debtor's ability to satisfy its obligations under the Plan and (ii) that any offer of prepayment applies to each creditor in the same class on a *pro rata* basis.

D. Conditions to Effective Date

Conditions precedent to the occurrence of the Effective Date will include the entry of the confirmation order confirming the Plan, as such Plan may have been modified, that is in full force and effect and shall not have been vacated, amended, modified or stayed, and if it is the subject of any appeal, reconsideration or other review, no stay of the Confirmation Order shall be in effect.

E. Grace Period

The Reorganized Debtor shall have a grace period of sixty (60) days from and after the due date of any payment within which to make payment provided for hereunder and utilization of that grace period shall not constitute a default under the Plan.

F. Objections to Claims

The Reorganized Debtor may object to any claims. If the Reorganized Debtor objects to a claim, payment will be withheld only with respect to the amount actually in dispute, and such objection shall not affect payments or distributions under the Plan on the undisputed portion of the claim. All

objections to claims have been or will be filed with the Bankruptcy Court, and served on the holders of such claims to which objection is made. The Reorganized Debtor shall be permitted to file objections to claims within thirty (30) days of the filing of an amended claim.

G. Bids for Stock in the Reorganized Debtor

In the event the Owners are not the successful bidders for the ownership interests in the Reorganized Debtor, the Debtor will report to the Owners regarding payments being made under the Plan. The reports will be made after each distribution under the Plan. If the Debtor defaults on the plan payments, the partners may declare a default under the Plan and purchase 100% of the ownership interests in the Reorganized Debtor for their original bid price of \$5,000.00 the Owners will provide 10-day notice of default to the Reorganized Debtor. If the Reorganized Debtor fails to cure the default within 10 days of the issuance of the notice of default, the Owners may petition the court to reinstate the case and obtain an order confirming the transfer of 100% of the ownership interests in the Reorganized Debtor to them.

H. Lapsed and Unclaimed Distributions

Any distribution that has not cleared within 90 days of the date of the distribution will lapse. Lapsed distributions will revert to the Debtor.

If any distribution is returned as undeliverable, no further distributions to such creditor will be made unless the Debtor is notified in writing of the creditor's current address. Upon receipt of the notification, the Debtor will remit all missed distributions to the creditor without interest. All claims for undeliverable distributions must be made on or before the second anniversary of the Effective Date of the Plan. If a claim is not made within that time, all unclaimed distributions will revert to the Debtor. Nothing in the Plan will require the Debtor to attempt to locate any holder of an allowed claim.

I. Retention of Jurisdiction

The Bankruptcy Court shall retain jurisdiction over this Chapter 11 Case for the following purposes:

1. Resolution of any and all objections to claims and all adversary complaints against third-parties whom Debtor may have causes of action against.
2. Determination of all questions and disputes regarding all causes of action, controversies, disputes or conflicts, whether or not subject to pending actions as of the Effective Date, between (a) the Reorganized Debtor and any other party, or (b) otherwise under the Plan, the Confirmation Order or any other order issued by the Bankruptcy Court in connection with this Chapter 11 Case.
3. The correction of any defect and the curing of any omission or inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of the Plan.

4. Modification of the Plan after confirmation pursuant to the Bankruptcy Code and the Bankruptcy Rules.

5. Allowance of all claims and applications for payment of administrative claims and professional fees and expenses which may be paid by the Reorganized Debtor or its estate pursuant to the provisions of the Bankruptcy Code, and resolution of all disputes pertaining thereto.

6. Entry of a final order confirming substantial consummation of the Plan and closing the Chapter 11 Case.

VII. CONCLUSION

Under Chapter 7 liquidation, unsecured creditors would receive zero percent (0%) of their claims. Under the Plan, the general unsecured creditors will receive a total distribution of 10 % of their allowed claims. Therefore, Debtor believes that the distributions provided for in the Plan are fair and equitable and Debtor strongly recommends acceptance of the Plan.

If you are eligible to vote on the Plan, please do so now by completing and returning the enclosed ballot.

Dated this 18th day of October 2016.

Respectfully submitted:
Creative Foods LLC

By: /s/ Timothy M. Foley

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