IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)

In re:	:	
	:	
CRYSTAL ENTERPRISES, INC.,	:	**Case Number 16-22565**
Debtor	:	**Small Business Case Under Chapter 11**
	:	

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CRYSTAL ENTERPRISES, INC.,'S DISCLOSURE STATEMENT DATED 06/30/2017

Table of Contents

I. INTRODUCTION

CRYSTAL ENTERPRISES, Debtor and Debtor-in-Possession, by undersigned counsel, Provides this Disclosure Statement in order to disclose the information believed to be material for creditors to arrive at a reasonably informed decision, and to exercise the right to vote on acceptance of the Debtor's Plan of Reorganization (the "Plan") filed by the Debtor in the above captioned proceeding on June 30, 2017. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit 1**. ***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 at pages 26-34 of this Disclosure Statement.

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

- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

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

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

1. *Approval of Disclosure Statement & Confirmation of Chapter 11 Plan*

The hearing at which the Court will determine whether to Approve the Disclosure Statement will take place on ____________________, 2017 at _______am/pm in Courtroom 3-C at the United States Bankruptcy Court Greenbelt Division 6500 Cherrywood Lane Greenbelt, Maryland 20770.

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 in the enclosed to **LAW OFFICE OF ROWENA N. NELSON, LLC 1801 MCCORMICK DRIVE, SUITE 150 LARGO, MARYLAND 20774**. See **Section IV (A)** below for a discussion of voting eligibility requirements.

Your ballot must be received by __________, 2017 or it will not be counted.

3. Deadline for Objecting to Crystal Enterprises, Inc.'s Disclosure Statement and Confirmation of the Plan

Objections to the Disclosure Statement or Confirmation of Chapter 11 Plan must be filed with the Court and served upon debtors' counsel, all creditors and interested parties by ________________, 2017.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact:

Rowena Nelson, Esquire
Attorney for Crystal Enterprises, Inc.
1801 McCormick Drive, Suite 150
Largo, Maryland 20774
(301) 358.3271 Phone
(877) 728.7744 Facsimile
information@rnnlawmd.com

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF ITS ASSETS) ARE AUTHORIZED, OTHER THAN AS SET FORTH IN THIS STATEMENT, ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH ARE NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR, AND SHOULD BE REPORTED TO THE UNDERSIGNED COUNSEL FOR THE DEBTOR. MUCH OF THE INFORMATION CONTAINED IN THIS STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

C. **Disclaimer**

The Court has [CONDITIONALLY] 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, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a

recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until _______________________, 2017.

D. **Defined Terms**

For purposes of this Plan and in addition to terms defined elsewhere herein, the following terms have the meanings set forth below:

1.1 "Administrative Bar Date" means forty-five (45) days after the effective Date and is the date by which applications for allowance of Administrative Claims incurred through the Confirmation Date must be filed with the Court or be forever barred and discharged. Notice of confirmation of the Plan shall be deemed sufficient and adequate notice of the Administrative Bar Date.

1.2 "Administrative Claim" means any cost or expense of administration of the case allowed under §503(b) of the Bankruptcy Code.

1.3 "Allowed Claim" means a claim (as defined in § 101(5) of the Bankruptcy Code):

1.3.1 in respect of which a proof of claim has been filed with the Court within the applicable period of limitations fixed by Bankruptcy Rule 3003;

1.3.2 which is listed in Schedules D, E or F filed by the Debtor with the Court, including any amendments thereto, and is not listed as disputed, contingent, or unliquidated as to amount; or

1.3.3 for which an application has been filed pursuant to §§329 and 330 of the Bankruptcy Code;

1.3.4 and further, as to any such claim, either no objection to the allowance thereof has been filed, or if an objection to the allowance thereof has been filed, the court has overruled such objection or fixed the amount of such claim by a Final Order.

1.4 "Avoidable Transfer(s)" means a transfer by the Debtor that may be avoided under any provision of the Bankruptcy Code including, but not limited to, §§544, 547, 548 or 549.

1.5 "Avoidance Action(s)" means all rights, remedies, claims or causes of action arising under§§544, 545, 546,547, 548, 549, 550, 553, or 558 of the Bankruptcy Code.

1.6 "Bankruptcy Code" means Title 11 of the United States Code ("U.S.C") as now in effect or as hereafter amended.

1.7 "Bankruptcy Rules" means (a) the Federal Rules of Bankruptcy Procedure, and (b) the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Maryland, both as now in effect or hereafter amended.

1.8 "Claim" means a claim against the Debtor as defined in §101(5) of the Bankruptcy Code, including, but not limited to, all claims arising from the rejection of unexpired leases and/or executory contracts.

1.9 "Confirmation Date" means the date on which the Court enters the Order of Confirmation.

1.10 "Court" means the United States Bankruptcy Court for the District of Maryland.

1.11 "Debtor" means, CRYSTAL ENTEREPRISES, INC.

1.12 "Effective Date" means the later of the (a) the forty-fifth (45th) day after an order of confirmation becomes final by expiration of the time for appeal there from, and (b) if an appeal is taken, the forty-fifth (45th) day after an order on appeal in favor of confirmation (and all orders on appeal relating to said order) becomes un-appealable.

1.13 "Estate" means the bankruptcy estate created pursuant to §541 of the Bankruptcy Code upon filing of the Chapter 11 petition by the Debtor.

1.14 "Final Order" means a Court order that, not having been reversed, amended, and not having been stayed, and as to which the time to seek review or rehearing of has expired, has become final and is in full force and effect.

1.15 "Insider" means those individuals and entities defined in §101(31) of the Bankruptcy Code.

1.16 "Order of Confirmation" means the order entered by the Court confirming the Plan.

1.17 "Petition Date" means September 19, 2016, the date on which the Debtor filed its petition for relief under Chapter 11 of the Bankruptcy Code.

1.18 "Plan" means the Plan of Reorganization in its present form, or as it may hereafter be further amended or modified.

1.19 "Professional Person(s)" means an attorney, accountant, or other professional retained or to be compensated pursuant to an order of the Court entered under §§327, 328, 330, 503(b), or 1103 of the Bankruptcy Code.

1.20 "Proof of Claim" means a proof of claim filed pursuant to §501 of the Bankruptcy Code and Part III of the Bankruptcy Rules.

1.21 "Schedules" means the schedules of assets and liabilities and statement of financial affairs filed by the Debtor with the Bankruptcy Court in accordance with §521(1) of the Bankruptcy Code and Rule 1007 of the Bankruptcy Rules, and any amendments thereto.

II. BACKGROUND OF THE DEBTOR

A. Description and History of the Debtor's Business

Crystal Enterprises was formed in 1989 for the original purpose of operating as a Janitorial Service. The company eventually expanded its purview into providing food and facilities management services at secured and governmental locations. Since 1989, Crystal Enterprises, based in the Glen Dale, Maryland area, has specialized in providing, staffing, food and facility maintenance service solutions to all levels of the public and private organizations. Crystal Enterprises enjoys rock-solid reputation and offers exceptional value, providing services locally and nationwide. For nearly twenty years, Crystal Enterprises has obtained governmental and private contracts nationwide, with recent revenues totaling several million dollars annually.

Prior to 2015, Crystal Enterprises had always maintained a profit with steady growth even during the Great Recession. Crystal Enterprises' petition for bankruptcy is a direct result of Crystal Enterprise's performance on a State of Maryland contract that had lower revenues and higher expenses than promised in the State's RFP. Crystal Enterprises' fortunes took an unexpected turn on or about January 8, 2015, when the State of Maryland, Department of Public Safety and Correctional Services awarded the Debtor a $37,800,000.00 contract (over a three (3) year period) to provide food and facility maintenance services to its correctional facilities. Crystal Enterprises outbid the incumbent contractor, Trinity Services Group Inc. and won the $37.8 million contract to provide meals to nine (9) correctional facilities in Baltimore. However, and at no fault of Crystal Enterprises, the number of meals reported in the State's request for proposal ("RFP") was erroneously based on incorrect numbers. The RFP called for the Vendor to provide 22,500 meals a day when in fact, and again, unbeknownst to the Debtor, the number was actually substantially lower.

As it turns out, the State of Maryland used 2008 numbers in the RFP. The actual figure of the number of inmates was around 15,000, which was simply not enough meals to spread the cost of repairs and maintenance that was also required in the contract. It was not until after the contract had been awarded that Crystal Enterprises learned of the State of Maryland's significant error. The facilities that were handed to Crystal Enterprises by the State, were overrun with rats, roaches, mice and birds. The previous contract included pest control services to be performed by the contractor on a daily basis. Under the new contract the State of Maryland was responsible for pest control services.

To make matters worse, Crystal Enterprises was given 60 days from day one to pour hundreds of thousands of dollars into the nine (9) facilities to correct deficiencies required to pass health inspections. These additional costs were not a part of the transition. They exceeded the cost to transition into the contract. These capital outlays reduced Crystal Enterprises' working capital and funds needed to meet its normal operating expenses.

As a direct result of the unexpected, dire cash flow problem. Crystal Enterprises continued to report these contractual issues to representatives of the State of Maryland and requested a modification of the contract. When the State did not respond to Crystal Enterprises' request for a modification of the contract, the company sent a written notice that they would cease all operations at the end of the month.

Crystal Enterprises met weekly with procurement and/or contract representatives and sent follow up emails and memos to document contract disparities. As a direct result of the State of Maryland's inaccurate RFP, Crystal Enterprises incurred substantial debts related to the amount of food it ordered and could not use due to unsanitary conditions. After three (3) weeks of service on an untenable contract with negative revenues, Crystal Enterprises could no longer afford the required food, staff and supplies. The lack of cash flow led to mounting debts, lawsuits and eventually judgments and liens. At that time, Crystal Enterprises employed over two hundred (200) employees and continued to be a preferred and trusted employer in the State of Maryland and across the country. Crystal Enterprises' CEO along with other company leaders decided not to cease operations and dismiss its staff. Instead, Crystal Enterprises sought alternate funding sources.

Crystal Enterprises has worked hard to enjoy a twenty eight (28) year history of profitable and fiscally responsible operations. Prior to the Baltimore Correctional Facility Food Service contract, Crystal Enterprises demonstrated fiscal health by its ability to obtain a two (2) Million Dollar performance bond in addition to securing a $400,000.00 advance loan to finance startup costs for the Baltimore contract. After closing the contract, and despite the significant loss of income over the span of eight (8) months, Crystal Enterprises paid an estimated 1.2 million dollars of debts incurred from the losses of the project including loans advanced to finance startup costs. For example, telephone leases, copy machine lease, two-way radios and various other operational costs in addition to the loss of food. This is a testament to the fiscal strength of the firm.

The CEO and management of Crystal Enterprises recognized the insurmountable financial pitfalls that would ensue had they continued with the project. To remain viable and protect its brand, the company chose not to continue . The State later acknowledged its errors as well as the conditions of the facilities and the contract was terminated. While it was a difficult decision not to bid for the follow-on contract, not doing so was clearly in the best interest of Crystal Enterprises in its efforts to remain viable and protect its brand.

Crystal Enterprises has received numerous commendations and awards for staff performance on food and facility services contracts. The firm has received numerous industry awards for superior food service and facility operations provided to the United States Air Force. Additionally, Crystal Enterprises has been recognized and awarded as follow:

2015 Hennessey Award Best Food Service Program:
- ✓ Management effectiveness and efficiency
- ✓ Food quality
- ✓ Cleanliness
- ✓ Employee and customer relations
- ✓ Training and safety

2013 Professional Performer Award for:
- ✓ Management effectiveness and efficiency
- ✓ Training and safety
- ✓ Business relations
- ✓ Cleanliness

2013 Hennessey Award Best Food Service Program:
- ✓ Management effectiveness and efficiency
- ✓ Food quality
- ✓ Cleanliness
- ✓ Employee and customer relations
- ✓ Training and safety

Awards for Outstanding Performance:
- ✓ 2012 MBOC Outstanding Growth and Performance
- ✓ 2011 MBOC Outstanding Growth and Performance

Furthermore, the company achieved White House recognition for growth during a down economy. Its innovative and solutions based business model continues to support steady growth. But for the flawed Baltimore Correctional Contract, Crystal Enterprises, Inc. would not have incurred the debt. The company remains fiscally responsible, and is focused on maintaining strong revenues and growth.

B. **Insiders of the Debtor**

Insiders as defined in §101(31) of the United States Bankruptcy Code (the "Code") and their relationship to the Debtor : Saundra Thurman-Custis, CEO./President. Please see also attached **EXHIBIT 2**, for a complete schedule of all individuals employed by Debtor.

The following describes the compensation paid by the Debtor or its affiliates to Saundra Thurman-Custis during the two years prior to the commencement of the Debtor's bankruptcy case, as well as compensation paid during the pendency of this Chapter 11 case. Please see also attached **COMPOSITE EXHIBIT 3.**

Employee	**Bldg**	**Job Title**	**Fiscal Yr**	**Salary**
Saundra Thurman-Custis	Corp	CEO/President	2017	$128,807.63
Saundra Thurman-Custis	Corp	CEO/President	2016	$128,807.63
Saundra Thurman-Custis	Corp	CEO/President	2015	$128,807.63
Saundra Thurman-Custis	Corp	CEO/President	2014	$124,999.94

C. **Management of the Debtor Before and During the Bankruptcy**

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were:

Crystal Enterprises, Inc.,
Officers/Execs/Directors

Name	Site	Position	Term
Custis, Thurman	Corporate	COO	1/2014-5/2016
Larkins, Michelle	Corporate	Director of Operations	2014-09/2016
McDonald, Teri	Corporate	Human Resource and Compliance Manager	2015-Current
Thurman-Custis, Sandra	Corporate	President/CEO	2014-Current

Debtor has approximately fifty nine (59) other managers at four (4) sites located nationwide operating its daily activities. A complete list of those managers have been attached here as **EXHIBIT 2.** Saundra Thurman Custis continues to be the CEO during the Debtor's chapter 11 case.

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be: Saundra Thurman Custis, CEO. As founder and of Crystal Enterprises Inc., Saundra Thurman-Custis provides the overall leadership and direction for the company. She is responsible for establishing the company's goals and strategies as well as presiding over the entire workforce. She also oversees the budgets and ensures that resources are properly allocated in addition to ensuring that each department meets its stated objectives. The responsibilities and compensation of Ms. Custis are described further in Section B of this Disclosure Statement and further illustrated in attached **EXHIBIT 3**.

D. **Events Leading to Chapter 11 Filing**

Trouble started for the company in February 2015 when Crystal Enterprises was awarded a $37.8 million contract with the Maryland Department of Public Safety and Correctional

Services (hereinafter the "Baltimore Contract"). The Baltimore Contract called for Crystal Enterprises to provide food and facility maintenance services at nine (9) correctional facilities in Baltimore. The State of Maryland's Request for Proposals (the "RFP") for the Baltimore Contract called for 22,000 meals a day; but that rate was based on bad numbers.[1]

The RFP required all offerors to bid on the staffing plan and manning table set forth in the solicitation. Crystal Enterprises took exception to the staffing plan, and was told by Procurement that they were required to bid to the plan. The staffing plan called for two shifts a day seven days a week. However, the staffing plan was incorrect, as in actuality there was a greater need than the plan facilitated. After Crystal Enterprises started the contract, a third shift of full-time union employees was added to meet the required meal times. This resulted in added unplanned costs to the contract. During the thirty (30) day transition, Crystal Enterprises' met with State Representatives, including procurement and the contract monitoring staff, to document how inaccuracies in the RFP resulted in increased performance costs. Crystal Enterprises' staff identified the following contractual errors relating to the nine (9) facilities:

(i) Numerous sanitation and health violations in all of the nine (9) facilities covered by the Baltimore Contract, as reported by the State Department of Health citations.

(ii) Equipment assessments performed by the Department of Maryland and Crystal Enterprises revealed food service equipment vital to the operation of the Baltimore Contract were malfunctioning, broken, inoperable or infested with roaches or rodents.

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[1] A more detailed discussion on this issue is contained *infra*.

(iii) Staffing plan of two shifts per day was insufficient to meet contract requirements.

(iv) Pest control services were not being performed by the State.

(v) It became necessary to contract and pay for outside storage and refrigeration units.

Crystal Enterprises then had to weigh the benefits of continuing the Baltimore Contract with the health risks associated with operating a food service company in an unsanitary environment infested with roaches or rodents. However, shortly after starting the Baltimore Contract, Crystal Enterprises realized that operating under the prevailing conditions created an untenable risk to its employees and the client. At its own cost, Crystal Enterprises contracted for outside storage and refrigeration to minimize the loss of food and supplies. Furthermore, within days of taking over the Baltimore Contract, Crystal Enterprises discovered that the State of Maryland had a seriously flawed solicitation about the number of inmates it would be serving per day. While Crystal Enterprises had bid to feed 22,500 inmates a day, the company soon found instead it was serving fewer than 16,000 inmates. This significant discrepancy as well as the aforementioned issues, jeopardized Crystal Enterprises' ability to continue the Baltimore Contract.

Given the substantial loss of food and supplies, and the challenges with improving the conditions of the nine (9) facilities, i.e., equipment, pest control, refrigeration, Crystal Enterprises negotiated a six month emergency contract with the State which enabled the State to re-assess the contract requirements. A more permanent and long term contract re-negotiation was not achieved and ultimately, Crystal Enterprises could no longer operate under the prevailing terms. While the decision to disassociate itself from the Baltimore Contract was necessary for

Crystal Enterprises to remain a viable company, the decision also caused Crystal Enterprises to incur a large amount of debt in excess of $2.6 million. For the next year and a half after disassociating itself from the Baltimore Contract, Crystal Enterprises reduced its expenses and used its resources including credit to repay the debt and sustain its operations. These efforts, while necessary, proved to be temporary remedies that simply were not enough to sustain Crystal Enterprises for the long term.

E. **Significant Events During the Bankruptcy Case**

Use of Cash Collateral

In the interest of fulfilling Debtor's contracts and meeting Debtor's continued responsibilities further steps were taking to meet its financial obligations. On September 19, 2016, Debtor filed a Motion for Interim and Final Orders Authorizing Use Cash Collateral and Request for Expedited Hearing [Docket No. 4], pursuant to which Debtor sought permission to use Associated Receivables, Strategic Funding, and US Foods cash collateral in the ordinary course of the operation of the Debtor's business. An interim hearing was held on September 22, 2016, and an order approving the motion on an interim basis was entered on September 23, 2016 [Docket No. 28]. A final hearing on the motion to use cash collateral was not held but granted by consent of all parties and the Final Order Authorizing Use of Cash Collateral entered on October 31, 2016 [Docket No. 94]. Pursuant to this order the State of Maryland Central Collection Unit, hereinafter ("State of Maryland") was directed to release $315,000.00 to be paid to Associate Receivables and $93,204.35 was recovered by the Debtor.

Summary of Other Significant Motions and Events

The following summarizes other significant motions filed by the Debtor in the Chapter 11 case. You may obtain copies of these motions, in addition to other pleadings, via PACER at https://mdb.uscourts.gov.

(a) Motion to Pay Pre-Petition Wages, filed September 19, 2016 [Docket No. 6]. Granted on September 23, 2016 [Docket No. 29].

(b) Motion for an Order Authorizing the Continued Use of the Debtor's Existing Checks, Bank Accounts and Business Forms, filed September 20, 2016 [Docket No. 16]. Granted on October 14, 2016 [Docket No. 68].

(c) Adversary Case, filed September 19, 2016 State of Maryland Central Collection Unit [Docket No. 7] bearing case number 16-00433. Dismissed on October 19, 2016. The State of Maryland was ordered to return the funds intercepted from the Debtor in the interim cash collateral order entered on September 23, 2016 [Docket No. 28].

(d) Adversary Case, filed September 19, 2016 Associated Receivables Funding, Inc. [Docket No. 9] bearing case number 16-00434. Dismissed on October 19, 2016. Associated Receivables received a distribution in the amount of $315,000.00.

(e) Adversary Case, filed September 19, 2016 LA Foods, LLC [Docket No. 13] bearing case number 16-00435. This case is still active and is scheduled for a hearing on January 17, 2016 at 10:00am in courtroom 3-C Judge Wendelin I. Lipp. The Debtor sought to recover $110,040.00 from LA Foods. Pursuant to the aforementioned hearing, the adversary case was settled for $60,000.00, which amount was returned to the Debtor.

(f) Debtor's Disclosure Statement and Plan of Reorganization dated February 20, 2017 [Docket No. 163] and withdrawn on March 23, 2017 [Docket No. 178].

As a result of the aforementioned motions Debtor was authorized to use the cash collateral of Associated Receivables Funding Inc., Strategic Funding Sources and US Foods during the interim period in the normal course of business pursuant to a weekly budget set forth before the court. Further, Debtor was ordered to make payments of $6,000.00 per week to Strategic Funding as adequate protection to US Foods to protect its interest in the Debtor's cash collateral. As adequate protection in Debtor's cash collateral, Associated Receivables was granted a valid and perfected first priority lien to the extent of the diminution of Associated Receivables pre-petition collateral, on all after acquired accounts receivable, and proceeds of accounts receivable, of the Debtor which, but for the filing of the Petition, would have constituted collateral of Associated Receivables. As adequate protection for Strategic Fundings' interest in the Debtor's cash collateral, Strategic Funding was granted a valid and perfected secondary lien on all after-acquired accounts receivable. Additionally, US Foods was granted a valid and perfected lien, of the same priority as its pre-petition lien as adequate protection, on all after acquired assets and accounts receivables. Finally, on February 13, 2017 Debtor's Pension Fund ITPEU withdrew its claim in the amount of $16,960.00 as a result of Debtor's bringing the requisite pension fund payments current.

Debtor previously filed its Disclosure Statement and Plan of Reorganization dated February 20, 2017 at Docket No. 163 and voluntarily withdrew same on March 23, 2017 at Docket No. 178 in order to facilitate additional amendments. This Disclosure Statement and accompanying Plan of Reorganization is being filed in its stead.

(g) **<u>Applications for Retention of Professionals</u>**

- Law Office of Rowena N. Nelson, LLC, as general bankruptcy counsel to the Debtor, order entered on October 20, 2016 [Docket No. 72].

- Anu Kemet, Esquire, as special counsel to the Debtor, order entered on November 29, 2016 [Docket No. 120]; and

- Rosalee McNamara and Lathrop & Gage, LLP, as special counsel to the Debtor, order entered on December 30, 2016 [Docket No. 134].

- Ralph A. Somma as special counsel to Debtor, order entered on March 08, 2017 [Docket No. 175].

Mac N. Claxton, and Claxton & Company, P.C. as certified public accountant to the Debtor, order entered on April 12, 2017 [Docket No. 180].

F. **Projected Recovery of Avoidable Transfers**

The Debtor estimates that up to $60,000.00 may be realized from the recovery of the fraudulent, preferential or other avoidable transfers. While the results of litigation cannot be predicted with certainty and it is possible that other causes of action may be identified, the following is a summary of the preference, fraudulent conveyance and other avoidance actions filed or expected to be filed in this case:

Transaction	Defendant	Amount Claimed/Received
Various invoices for food purchases within 90 days of the Bankruptcy case being filed.	**LA FOODS, LLC** ***Crystal Enterprises, Inc. vs. LA Foods, LLC*** filed 9/21/2016 at [Docket No. 4] Case number 16-00435 A **Pre-Trial Conference** was scheduled for January 17, 2017 at 10:00AM Courtroom 3-C Judge Wendelin Lipp	$110,040.00/$60,000.00
Maryland Correctional Enterprises Debt	**Maryland Central Collection Unit** ***Crystal Enterprises, Inc. vs. State of Maryland Central Collection Unit***filed	$577,000.00 $315,000.00 was distributed to Associated Receivables, while

	9/21/2016 at [Docket No. 7] Case number 16-22565	$93,204.35 was distributed to the Debtor.

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

G. **Claims Objections**

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

H. **Current and Historical Financial Conditions**

Fair market value of estate's assets

Debtor maintains a variety of assets to include Avoidance Actions, Accounts Receivable, Bank Account Balances and Book Assets. The Debtor's Book Assets include such items as furniture & fixtures, leasehold improvements, vehicles, computers & software, and other equipment. The value of such named asset groups are identified below and further demonstrated in attached **Exhibit 4.** Debtor's accounts receivable is currently valued at $647,396.91 with bank account balances currently valued at $144,435.81 as revealed by Debtor's Balance Sheet for month ending April 2017 and attached hereto as **Exhibit 5.**

ASSETS

TYPE OF ASSETS	VALUE
Book Assets	$ 105,111.12
Cash on Hand	$ 144,435.81
Accounts Receivable	$ 647,396.91
Avoidance Actions	$ 60,000.00

Total	$ **956,943.84**

Among it's assets Debtor also continues to maintain the following motor vehicles which are currently being leased to Debtor's affiliated company Crystal Maids: (1) 2012 Toyota Scion. VIN#JTLZE4FE3CJ0155536 under a month to month Lease to Crystal Maids at the rate of $379.94, (2) 2012 Toyota Scion. VIN#JTLZE4FE0CJ016026, under a month to month Lease to Crystal Maids at the rate of $379.94, (3) 2012 Toyota Scion. VIN#JTLZE4FE3CJ016159, under a month to month Lease to Crystal Maids at the rate of $379.94 and (4) 2012 Toyota Scion. VIN#JTLZE4FE3CJ022936, under a month to month Lease to Crystal Maids at the rate of $379.94.

Debtor anticipates that collection will ensue upon completion of accounting review and reconciliation, pursuant to any and all amounts due and owing to Debtor from insider/affiliated companies including but not limited to companies such as the Principal Group and Crystal Maids. Additionally, pursuant to Debtor's actions to recover fraudulent transfers from LA Foods, LLC, in the amount of $110,040.00, Debtor reached a settlement of $60,000.00 which payments are being made to Debtor accordingly.

Financial Statements

Debtor's Profit and Loss Statement attached hereto as **Exhibit 6,** show revenues totaling $1,994,790.93 for the period of January through April 2017, with a net income of $(13,817.99). As indicated by Debtor's Statement of Equity, attached as **Exhibit 7,** Debtor maintains equities/deficit totaling $(1,257,774.00) as of April 30, 2017.

Debtor also shows a positive cash flow of $144,436 for the end of April as reported in Debtor's Cash Flow Statement attached hereto as **Exhibit 8.** Debtor's five (5) year projections show an average projected monthly cash flow of $197,237.54 over the next eighty four (84) months. The five (5) year cash flow projections are attached as **Exhibit 12.** Further details of Crystal Enterprises' current financials may be reviewed in the balance sheet attached as **Exhibit** 5, Profit and Loss Statement attached as **Exhibit 6,** Equity Statement attached as **Exhibit 7** and Cash Flow Statement attached as **Exhibit 8.** Projected activities are provided in **Exhibit 5 and Exhibit 12** respectively**.**

The most recent post-petition operating reports filed since the commencement of the Debtor's bankruptcy case are hereby incorporated by reference herein, but not attached, as **composite Exhibit 9**. A copy of each post-petition operating report is on record as follows: (i) September 19th-September 30th filed on November 28, 2016 [Docket No. 119]; (ii) October 2016 filed on November 23, 2016 [Docket No. 117]; (iii) November 2016 filed on January 19, 2017 [Docket No. 142]; (iv) December 2016 filed on February 15, 2017 [Docket No. 156]; (v) January 2017 filed on February 15, 2017 [Docket No. 157] as amended on May 31, 2017 [Docket No. 190] ; (vi) February 2017 filed on May 31, 2017 [Docket No. 191]; (vii) March 2017 filed on May 31, 2017 [Docket No. 192]; and (viii) April 2017 filed on May 31, 2017 [Docket No. 193]. During the eight (8) months (October 2016, November 2016, December of 2016, January 2017, February 2017, March 2017, April 2017 and May 2017) proceeding the filing of the Petition, Debtor has maintained a positive cash flow averaging $165,015.90. Furthermore, Debtor has realized an ending cash balance for the month of April of December, of $144,435.81. Debtor uses the accrual method of accounting for its post-petition reporting.

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

CREDITORS ARE URGED TO READ THE ENTIRE PLAN, AND TO CONSULT WITH COUNSEL OR EACH OTHER, IN ORDER TO FULLY UNDERSTAND THE PLAN. A COPY OF THE PLAN HAS BEEN FILED WITH THE CLERK, UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MARYLAND, 6500 CHERRYWOOD LANE GREENBELT, MARYLAND 20770, AND IS AVAILABLE FOR INSPECTION AND REVIEW.

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

As required by the Code, the Plan places claims and equity interest 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 Code. Such claims are not considered impaired, and holders of such claims do not vote on the Plan. Creditors of those types of claims may object however, if in their view, their treatment under the Plan does not comply with that required by the Code.

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case, which are allowed under § 507(a)(2) of the Code. The code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

Except as set forth herein, each holder of an Allowed Administrative Claim shall receive from the Debtors (a) Cash in an amount equal to the amount of such Allowed Administrative Claim on the later of the Effective Date and the date such Administrative Claim becomes an Allowed Administrative Claim on the later of the Effective Date and the date such Administrative Claim becomes an Allowed Administrative Claim, or as soon thereafter as is practicable, or (b) such other treatments as the Debtors and such holders shall have agreed upon in writing; provided, however, that Allowed Ordinary Course Administrative Claims shall be paid in full by the Debtor Representative in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions.

Unless a prior date has been established pursuant to the Bankruptcy Code, the Bankruptcy Rules or a prior order of the Court, the Confirmation Order will establish a bar date for filing applications for allowance of Administrative Claims (except for those categories of Administrative Claims listed immediately below), which date will be the first business day that is thirty (30) days after the Confirmation Date. Holders of Administrative Claims, not paid prior to the Confirmation Date shall submit requests for payment on or before the applicable Administrative Claims Bar Date or forever be barred from doing so. The notice of confirmation to be delivered pursuant to Bankruptcy Rules 3020(c) 2002(f) will set forth the Administrative Claims Bar Date and constitute good and sufficient and Administrative Claims Bar Date. The Disbursing Agent shall have 120 days (or such longer period as may be allowed by order of the Court, which may be entered without notice or a hearing) following the Administrative Claims Bar Date to review and object to all Administrative Claims.

The foregoing ; (i) Fee Claims, (ii) Ordinary Course Administrative Claims, and (iii) the fees and expenses of the professionals of the Prepetition Agents.

Bar date and procedures shall not apply to the following categories of Administrative Claims

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

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	$211,537.40	Paid in full on the effective date of the Plan.
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	$ 69,408.41	Will be paid on the effective date of the Plan with the $60,000.00 debtor will collect from LA Foods, LLC pursuant to the Preferential Transfer Action.
Professional Fees, as approved by the Court	$ 60,000.00	Paid in full on the effective date of the Plan.
Clerk's Office Fees	$0.0	No such expenses are contemplated by the Plan
Other administrative expenses	$0.0	No such expenses are contemplated by the Plan.
Office of the U.S. Trustee Fees	$0.0	Paid in full on the effective date of the Plan.
TOTAL	$340,945.81	

2. *Priority Tax Claims*

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

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

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
Internal Revenue Service (IRS) *Claim-4*	$44,699.26	2016	The IRS Allowed Priority Claim shall be paid in full through equal monthly installments with interest at **3%** per annum concluding with a final payment no later than December 2017 (18 Months from the Petition Date). The monthly payment to be made to the IRS shall equal **$2,557.79** per month until paid in full. Unimpaired. **Months 1-18**
Prince George's County, Maryland *Claim-10*	$3,270.14	2016	The PGC Allowed Priority Claim shall be paid in full through equal monthly installments with interest at 20% per annum concluding with a final payment no later than December 2017 (18 Months from the Petition Date). The monthly payment to be made to the PGC shall equal **$218.01** per month until paid in full. Unimpaired. **Months 1-18**

C. **Classes of Claims and Equity Interests**

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

1. *Classes of Secured Claims*

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

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

Class #	Description	Insider? (Yes or No)	Impairment	Treatment
1	Secured claim of: Name= **Citizens Bank, N.A** *Claim-1* Collateral description=2012 Scion xB Wagon JTLZE4FE8CJ016159 Allowed Secured Amount = $3,190.36 Priority of Lien= Principal owed=$3,190.36 Pre-pet arrearage=$0.0 Total claim=$3,19036	No	Unimpaired	Monthly Pmt=$379.94 Pmts Begin=**Month 19-73** Pmts End= Interest rate=3.74% Treatment of Lien=
2	Secured claim of: Name= **Citizens Bank, N.A** *Claim-2* Collateral description=2012 Scion xB Wagon JTLZE4FE7CJ015536 Allowed Secured Amount = $4,445.37 Priority of Lien= Principal owed=$4,445.37 Pre-pet arrearage=$0.0 Total claim=$4,445.37	No	Unimpaired	Monthly Pmt=$389.94 Pmts Begin=**Month 19-73** Pmts End= Balloon pmt= Interest rate= 3.74% Treatment of Lien=
3	Secured claim of: Name= **Toyota Motor Credit** *Claim-11* Collateral description=2012 Toyota RAV4 2T3DL4DV0CW078710 Allowed Secured Amount = $6,330.16 Priority of Lien= Principal owed=$6,330.16 Pre-pet arrearage=$0.0 Total claim=$6,330.16	No	Unimpaired	Monthly Pmt=$492.30 Pmts Begin=**Month 19-73** Pmts End= Balloon pmt= Interest rate= 5.25%
4	Secured claim of: Name= **Toyota Motor Credit** *Claim-19* Collateral description=2012 Toyota RAV4 2T3BF4DV7CW234947 Allowed Secured Amount = $5,212.88 Priority of Lien= Principal owed=$5,212.88 Pre-pet arrearage=$0.0 Total claim=$5,212.88	No	Unimpaired	Monthly Pmt=$585.39 Pmts Begin=**Month 19-73** Pmts End= Balloon pmt= Interest rate= 5.25%

5	Secured claim of: Name= **Strategic Funding Source, Inc.** *Claim-7* Collateral description=UCC Purchase of Sale of Future Receivables Allowed Secured Amount = $394,516.00 Priority of Lien= Principal owed=$394,516.00 Pre-pet arrearage=$__________ Total claim=$_________	No	Impaired	Strategic Funding Source, Inc. holds an Allowed Secured claim in the approximate amount of $394,516.00, which is secured by a UCC Financing Statement filed with the Maryland Department of Assessment and Taxation. Pursuant to §506(b) of the Bankruptcy Code, interest has accrued and shall continue to accrue from the petition date on the outstanding principal amount of Strategic Funding Source, Inc's claim. The Allowed Secured Claim shall be paid without interest from the Petition Date through the Effective Date in the amount of $7,305.85. Subject to the effect of any Senior Lien holders, Strategic Funding Source, Inc.'s security interests in and liens shall continue after confirmation of the Plan and the Effective Date. Pmts Begin=**Months 19-73** Pmts End=July, 2023 Interest rate= 0%
6	Secured claim of: Name= **U.S. Foods, LLC** *Claim-23* Collateral description=UCC Purchase of Sale of Future Receivables/TACA Allowed Secured Amount = $ Priority of Lien= Principal owed=$289,685.75 Pre-pet arrearage=$__________ Total claim=$_________	No	Impaired	U.S. Foods. holds an Allowed Secured claim in the approximate amount of $289,685.75, which is secured by a UCC Financing Statement filed with the Maryland Department of Assessment and Taxation. Pursuant to §506(b) of the Bankruptcy Code, interest has accrued and shall continue to accrue from the petition date on the outstanding principal amount of U.S. Foods' claim. The Allowed Secured Claim shall be paid without interest from the Petition Date through the Effective Date in the amount of $4,828.10. Subject to the effect of any Senior Lien holders, U.S. Foods security interests in and liens shall continue after confirmation of the Plan and the Effective Date. Monthly Pmt=$4,828.10 Pmts Begin=**Months 19-73** Pmts End=July, 2023 Balloon pmt= Interest rate= 0%

2. *Classes of Priority Unsecured Claims*

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

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class #	Description	Impairment	Treatment
7	Priority unsecured claim pursuant to Section 507(a)(2) Total amt of claims=$14,411.88 **Dairy Maid Dairy, LLC** *Claim-9*	Unimpaired	Each holder of an Allowed Priority Claim shall receive eighteen (18) monthly payments in the amount of roughly $800.66 **Months 1 to 18**
8	Priority unsecured claim pursuant to Section 507(a)(2)(4)(5) Total amt of claims=$110,000.00 **Sue LaCaprucia vs. Crystal Enterprises, Inc.** *Claim-Not Filed*	Unimpaired	Each holder of an Allowed Priority Claim shall receive eighteen (18) monthly payments in the amount of roughly $6,111.11 **Months 1 to 18**

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of Class 9, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
	GENERAL UNSECURED CLASS		LAST SIX (6) MONTHS
9	**BB&T** *Claim-3*	Impaired	Monthly Pmt=$1,231.06 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Sysco** *Claim-5*	Impaired	Monthly Pmt=$2,712.59 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Sprint** *Claim-6*	Impaired	Monthly Pmt=$48.56 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**G.A.F. Seeling, Inc.** *Claim-8*	Impaired	Monthly Pmt=$87.29 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Embarq Florida, Inc.** *Claim-12*	Impaired	Monthly Pmt=$9.92 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%

9	**Paychex** *Claim-13*	Impaired	Monthly Pmt=$1,167.35 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**American Express** *Claim-14*	Impaired	Monthly Pmt=$16.76 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**American Express** *Claim-15*	Impaired	Monthly Pmt=$46.06 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Bimbo Bakeries** *Claim-16*	Impaired	Monthly Pmt=$134.56 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**De Lage Landen Financial** *Claim-17*	Impaired	Monthly Pmt=$124.18 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**MiJoi and Associates, Inc.** *Claim-18*	Impaired	Monthly Pmt=$96.69 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Dairy Maid Dairy, LLC** *Claim-9*	Impaired	Monthly Pmt=$726.90 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**LA FOODS, LLC** *Claim-24*	Impaired	Monthly Pmt=$1,373.25 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Lathrop & Gage, LLP** *Claim-20*	Impaired	Monthly Pmt=$757.97 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Wells Fargo Bank** *Claim-22*	Impaired	Monthly Pmt=$4,446.14 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**A Foods** *Claim- Not Filed*	Impaired	Monthly Pmt=$352.24

	Sched. E/F#3.1		Pmts Begin=month 74 Pmts End=month 85 Estimated percent of claim paid=15%
9	**ADT Security Services** *Claim – Not Filed* *Sched. E/F#3.2*	Impaired	Monthly Pmt=$2.01 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Airgas National Carbonation** *Claim- Not Filed* *Sched. E/F#3.3*	Impaired	Monthly Pmt=$5.71 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Alexander & Cleaver** *Claim- Not Filed* *Sched. E/F#3.4*	Impaired	Monthly Pmt=$162.50 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Benefit Mall** *Claim-Not Filed* *Sched. E/F#3.7*	Impaired	Monthly Pmt=$100.36 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Coca-Cola** *Claim- Not Filed* *Sched. E/F#3.11*	Impaired	Monthly Pmt=$30.91 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Dade Paper & Bag Co.,** *Claim- Not Filed* *Sched. E/F#3.14*	Impaired	Monthly Pmt=$56.59 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**DeLage Landen** *Claim-Not Filed* *Sched. E/F#3.16*	Impaired	Monthly Pmt=$1.68 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**GC Jones Elevator Company, Inc.,** *Claim- Not Filed* *Sched. E/F#3.20*	Impaired	Monthly Pmt=$79.31 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**James Riber Agribusiness Operations**	Impaired	Monthly Pmt=$88.27

	Claim-Not Filed *Sched. E/F#3.27*		Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**JBS and Company, LLC** *Claim-Not Filed* *Sched. E/F#3.28*	Impaired	Monthly Pmt=$34.69 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Jeanette C.Kearny** *Claim-Not Filed* *Sched. E/F#3.29*	Impaired	Monthly Pmt=$5.79 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Metlife –Group Benefits** *Claim-Not Filed* *Sched. E/F#3.34*	Impaired	Monthly Pmt=$94.58 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Performance Food Service** *Claim-Not Filed* *Sched. E/F#3.38*	Impaired	Monthly Pmt=$22.31 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Pine Heights Commercial Kitchen** *Claim-Not Filed* *Sched. E/F#3.39*	Impaired	Monthly Pmt=$61.10 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Pitney Bowes Global Financial Services (a/c-0412)** *Claim-Not Filed* *Sched. E/F#3.40*	Impaired	Monthly Pmt=$1.53 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Pitney Bowes Global Financial Services (a/c-9522)** *Claim-Not Filed* *Sched. E/F#3.41*	Impaired	Monthly Pmt=$1.06 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Roto-Rooter** *Claim-Not Filed* *Sched. E/F 3.45*	Impaired	Monthly Pmt=$13.50 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Stellar** *Claim-Not Filed* *Sched. E/F#3.50*	Impaired	Monthly Pmt=$10.97 Pmts Begin=month 74

			Pmts End=month 84 Estimated percent of claim paid=15%
9	**Stilwell Plumbing** *Claim-Not Filed* *Sched. E/F#3.51*	Impaired	Monthly Pmt=$80.00 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%
9	**Alicia Wright** *Claim-Not Filed* *Sched. E/F#3.55*	Impaired	Monthly Pmt=$17.26 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=13%
9	**State of Maryland Central Collection Unit** *Claim#27*	Impaired	Monthly Pmt=$9,519.90 Pmts Begin=month 74 Pmts End=month 84 Estimated percent of claim paid=15%

4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders.

Class #	Description	Impairment	Treatment
	Equity Interest Holders	Impaired or Unimpaired	
10	Saundra Thurman Custis	$300,000.00 Impaired	No Payment
11	Dwight Custis	$104,000.00 Impaired	No Payment

The aforementioned equity interest holders are writing off any amounts due and owing to them by Debtor. Furthermore, Saundra Thurman-Custis and Dwight Custis will continue to maintain their respective equity interests in the company. Debtor’s Statement of Equity attached hereto as **Exhibit 7** shows a shareholder's equity/deficit of ($1,257,774.00).

D. **Means of Implementing the Plan**

1. *Source of Payments*

Crystal Enterprises, Inc., is a prime vendor providing staffing, food and facility maintenance services of the United States Department of Defense. The firm is currently managing military dining facilities for the United States Air Force, United States Department of Transportation and The United States Department of the Army. Additionally, Crystal Enterprises, Inc. maintains a robust pipeline of opportunities as a Prime Contractor, as part of a Team and/or Joint Venture with other successful firms. The Plan will be funded by continued work, maintenance and other performance of the Contracts slated below.

Crystal Enterprises, Inc., has been in business for twenty (20) years and continues to maintain Government Contracts since 2000 and a Preferred Government Vendor. With a strong business development arm, Crystal Enterprises Inc., successfully recompletes for such contracts and boasts a superior active business development reputation even among other similar companies in the industry. These companies often seek to partner with Crystal Enterprises, Inc., in bidding for new contracts, as well as servicing and maintaining current contract, owing to the stellar reputation maintained by Debtor in its industry sector.

Currently, Crystal Enterprises Inc. is actively bidding on and is under consideration for several additional government contracts. The United States Small Business Administration continues to afford Debtor Crystal Enterprises, Inc. a SBA 8M designation. Under this program, Debtor remains a preferred vendor with priority access to large lucrative government contracts. Crystal Enterprises currently maintains nine (9) lucrative contracts with:

(#1) Department of Transportation Merchant Marine, valued at approximately $16.6 million,; (#2) United States Department of the Army GA National Guard valued at approximately $18,200.00, ;(#3) United States Department of the Army, Fort Belvoir Virginia, valued at approximately $2.2 million, ;(#4) United States Department of the Air Force Hurlburt Field, valued at approximately $ 8.5 million and (#5) Prince George's County valued at approximately $168,000.00.

Debtor has also obtained the following four (4) new contracts since the filing of the subject petition: (#6) Marian Army Medical Center, valued at approximately $382,820.00, which service is slated to begin on July 15, 2017; (#7) United States Maritime Events Contracts valued at approximately $60,000.00 ; (#8) Prince George County Summer Lunch, service date June 26 through June 30, 2017, valued at approximately $34,000.00 ; and (#9) United States Federal Reserves contract valued at approximately $7,000.00. The revenues from the aforementioned contracts will serve in part as funding sources for the Debtor's Plan. Debtor also maintains a lease agreement for rent and utilities with it's sister company/subsidiary Crystal Maids.

(a) Payments and distributions under the Plan will also be funded by Debtor's Cash on hand totaling approximately $144,435.81 as well as the Debtor's accounts receivables as illustrated in **Exhibit 13**. Debtor currently maintains accounts receivables totaling $647,396.91 as of April 30, 2017.

(b) The following chart illustrates an average view of Crystal Enterprises, Inc.' monthly receivables from Contracts currently being serviced as well as other sources to which Crystal Enterprises, Inc. continues to provide goods and/or services. It includes the aforementioned contract sources previously mentioned in section 1(a) source of payments. Debtor's detailed statement of accounts receivable is also attached hereto as **Exhibit 13.**

REVENUE SOURCE	**MONTHLY REVENUE [2] (Billed)**
US Airforce-Hurlburt	$ 79,870.00
Dept of Transportation-Maritime	$ 324,200.00 **paid weekly*
Catered Special events -Maritime	$ 5,750.00 **based on annual average*
US Army Reserve-GA	$ 18,636.00
Fort Belvoir Community Hospital	$ 40,000.00
PG County	$ 3,000.00
Crystal Maids Rent & Utilities	$ 2,500.00
Crystal Maids G&A	$ 5,000.00
Principal Group	$ 5,000.00
Retail Food Seafer	$ 2,000.00
Alcryst Monthly G and A	$ 6,000.00
US Army Medical Center-WA	$ 38,000.00 **new contract*
Federal Reserve	$ 1,000.00 **renewed contract*
MONTHLY TOTAL	**$ 530,956.00**

2. Post-confirmation Management

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Thurman-Custis, Saundra	Corp	Yes	CEO	$128,807.63
Manager 1	Contract Site	Yes	Project Mgr	$55,000.00
Manager 2	Contract Site	Yes	Project Mgr	$81,000.00

[2] Revenues in this chart do not reflect any new contract that has not yet been realized as well as those contracts for which service has not yet begun.

Manager 3	Contract Site	Yes	Project Mgr	$40,000.00
Manager 4	Contract Site	Yes	HR/Compliance	$65,000.00

E. **Risk Factors**

Debtors' income is derived from contract revenues. The largest threat to the continued feasibility of this plan is the Debtor losing one of its largest contracts. Outside of losing a contract, the Debtor is capable of operating without financial risk as it did prior to the Baltimore Correctional Facility Contract. As a direct result of the lack of feasibility of the Baltimore Correctional Facility Contract, Crystal Enterprises was unable to adequately meet its financial responsibilities. Consequently, Debtor's debts were turned over to the State of Maryland Central Collection Unit and the revenues from the government contracts managed by Crystal Enterprises, Inc., began to be attached. This restricted Debtor's cash flow and put Debtor in need of the current financial restructuring. But for the failed Baltimore Correctional Food Service Contract and the subsequent attaching of Debtor's income this case would not have been necessary.

To the extent that Debtor continues to retain all existing contracts and operate under a fixed budget, their ability to fund the plan will not be affected or put at risk. Furthermore, as previously indicated, Debtor is designated as a Small Business with the Federal Government as it is (i) female owned and operated and (ii) owned and operated by a member of a minority group that has historically been economically disadvantaged. This SBA 8(M) designation, allows Debtor to compete and bid for contracts that would otherwise not be available. Consequently this provides an increased opportunity for securing other new contracts and thereby limiting any potential risks associated with this Plan.

Debtor also maintains a Prince George's County Certification which allows preference for bidding on contracts with Prince George's County.

F. **Executory Contracts and Unexpired Leases**

The Plan, in **EXHIBIT 1 section 6.01(a)**, list all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. **EXHIBIT 1 section 6.01** also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

Debtor maintains a contract with its affiliated/insider company Crystal Maids, LLC for the month to month lease to own of a 2012 Toyota Scion bearing VIN#JTLZE4FE3CJ0155536 and tag number 6A/W1018. Crystal Maids, LLC pays Debtor $379.94 per month for the possession and use of said vehicle. Additionally, debtor maintains a contract with its affiliated/insider company Crystal Maids, LLC for the month to month lease to own of a 2012 Toyota Scion bearing VIN#JTLZE4FE0CJ016026 and tag number 6A/W1019. Crystal Maids, LLC pays Debtor $379.94 per month for the possession and use of said vehicle. Debtor also maintains a contract with it's affiliated/insider company Crystal Maids, LLC for the month to month lease to own of a 2012 Toyota Scion bearing VIN#JTLZE4FE3CJ016159 and tag number 6A/W1058. Crystal Maids, LLC pays Debtor $379.94 per month for the possession and use of the said vehicle. Debtor's and its affiliated/insider company Crystal Maids, LLC also maintain a contract for the month to month lease to own of a 2012 Toyota Scion bearing VIN#JTLZE4FE3CJ022936 and tag number 2B/P9525.

Crystal Maids, LLC pays Debtor $379.94 per month for the possession and use of said vehicle.

Debtor currently maintains a contract with its affiliated/insider company The Levi Group, for the rent/lease of real property, located at 10837 Lanham-Severn Road, Glenn Dale, Maryland 20769 at a value of $5,163.85 per month and an annual amount of $20,8000.00. Finally, Debtor also maintains an executor contract with its subsidiary/ sister company, The Principle Group, LLC for bids on government contracts in perpetuity.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in Exhibit 1, section 6.01(a) will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. The deadline for Filing a Proof of Claim Based on a Claim arising from the Rejection of a Lease or Contract is January 27, 2017. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. **Tax consequences of Plan**

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

THE FEDERAL, STATE, LOCAL AND OTHER GENERAL TAX CONSEQUENCES AS A RESULT OF THE PLAN TO THE HOLDERS OF CLAIMS AND INTERESTS MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. THEREFORE, EACH CREDITOR SHOULD CONSULT THEIR OWN TAX ADVISOR TO DETERMINE THE TREATMENT AFFORDED THEIR RESPECTIVE CLAIMS BY THE PLAN UNDER FEDERAL TAX LAW, THE TAX LAW OF THE VARIOUS STATES AND LOCAL JURISDICTIONS OF THE UNITED STATES AND THE LAWS OF FOREIGN JURISDICTIONS.

NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE DEBTOR AND ITS COUNSEL DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES A CREDITOR MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED THEIR CLAIM UNDER THE PLAN.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor 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 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 what the requirement for confirmation are not met.

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 that is both (1) allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that Class 5, Class 6, Class 9 and Class 10 claims are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. **The Plan Proponent believes that Class 1, Class 2, Class 3, Class 4, Class 7 and Class 8 which Claims are <u>unimpaired</u>** and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan. **Class 5, Class 6, Class 9 , Class 10 , and Class 11 which claims are <u>Impaired</u> and therefore these claimants are entitled to vote to <u>accept</u> or <u>reject</u> 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 unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case is/was January 23, 2017. For a governmental unit it is March 20, 2017.

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 Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims 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 interest" (as discussed 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 Code; 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 and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

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

B. **Votes Necessary to Confirm the Plan**

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

1. *Votes Necessary for a Class to Accept the Plan*

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

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 Code. A Plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the plan. You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. **Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as **EXHIBIT 10**. In the event that the Plan is not confirmed and this case is converted to Chapter 7, there would be additional administrative expenses consisting of Chapter 7 trustee commissions and the fees and expenses incurred by the trustee's professionals. Furthermore, the trustee would incur time and expenses associated with the learning curve regarding the details of the sale of the Debtor's asset, as well as the Debtor's financial matters. The Chapter 7 trustee would not likely capture the highest value of the sale of the Debtors assets. Furthermore, because of increased administrative costs associated with a Chapter 7 proceeding it is anticipated that creditors will fare considerably better if this case remains in Chapter 11. By contrast, in the event of conversion to Chapter 7, it is projected that Crystal Enterprises, Inc.'s primary creditors would receive only a fraction of its secured claims, and that after payment of all Chapter 7 and Chapter 11 administrative claims, as well as priority claims, there would be no funds available for distribution to unsecured creditors, with a likelihood that Debtor would be administratively insolvent. Therefore, it is anticipated that creditors will fare considerably better if this case remains in Chapter 11 and the Plan is confirmed.

D. **Feasibility**

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

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Under the Plan expenses that are entitled to be paid on the effective date total approximately $69,408.41 to creditors and approximately $60,000.00 in professional fees. On the effective date of the Plan, Debtor is expected to have approximately $149,843.00 in available cash and/or net income at its disposal in furtherance of Plan payments. A statement showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **EXHIBIT 11**.

The Plan requires aggregate payments during months 1-18 in the amount of $9,687.57 per month totaling approximately $174,376.29 for the eighteen month (18) period; payments in the amount of $13,981.52 per month during months 19-73 for a total of approximately $703,380.52 for the fifty four (54) month period; and payments in the amount of $23,721.55 per month during months 74-84 for a total of approximately $284,658.62 during the twelve (12) month period. Debtor shows an average cash flow projected of $189,301.42 for the five (5) years over which this Plan is projected. The five (5) year Cash Flow Projections are attached as **EXHIBIT 12.**

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

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

The Plan Proponent has provided projected financial information. Those projections are listed in **EXHIBIT 12.** Debtor's Cash Flow Projections through to the end of 2017 demonstrate positive net cash flow. The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of approximately $176,972.00 - $240,236.00. In addition, Debtor maintains Accounts Receivables totaling roughly $647,396.91 (see attached **EXHIBIT 13**) as of April 30, 2017. The final Plan payment is expected to be paid on July, 2024.

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

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

B. Modification of Plan

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

C. **Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan confirmation order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the court may enter such a final decree on its own motion.

D. **Default**

Creditors Shall Retain Rights Under 11 U.S.C. §1112. In the event that the Debtor materially defaults under the Plan, the holder of a Claim may seek to exercise any and all rights under Section 1112 of the Bankruptcy Code, including the right to request the Court to convert the Debtor's Chapter 11 bankruptcy case to a case under Chapter 7 of the Bankruptcy Code or to request dismissal of the case in its entirety.

VI. **OTHER PLAN PROVISIONS**

June, 30, 2017

/s/Rowena N. Nelson
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Counsel for the Debtor

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of June, 2017, a copy of the Debtor's Proposed Disclosure Statement was served via first class mail, postage pre-paid or electronically via the Court's CM/ECF electronic notification system on all the parties listed on the attached matrix.

/s/Rowena N. Nelson
Rowena N. Nelson