

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Jointly Administered Under
Case No. 17-31145

Pawn America Minnesota, LLC,
Pawn America Wisconsin, LLC,
Exchange Street Inc.

17-31145
17-31146
17-31147

Chapter 11 Cases

SECOND MODIFIED DISCLOSURE STATEMENT IN SUPPORT OF
SECOND MODIFIED JOINT PLAN OF REORGANIZATION AND LIQUIDATION
DATED DECEMBER 14, 2017

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M.
CENTRAL TIME ON _____, 2017 UNLESS EXTENDED BY ORDER OF THE
UNITED STATES BANKRUPTCY COURT OF THE DISTRICT OF MINNESOTA

This Disclosure Statement, the accompanying ballot, and related materials are furnished to you in support of the *Second Modified Joint Plan of Reorganization and Liquidation* dated December 14, 2017 (the “Plan”), which is proposed by Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc. (collectively, the “Debtors”) pursuant to Sections 1125 and 1126 of the United States Bankruptcy Code, to provide information sufficient to enable the Debtors’ creditors to make an informed judgment whether to accept or reject the Plan.

A copy of the Plan, which was filed with the United States Bankruptcy Court on December 14, 2017, is being mailed with this Disclosure Statement and is incorporated by reference as if set forth in this Disclosure Statement. Capitalized terms not defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan (attached as **Exhibit 7**) unless the context requires otherwise or unless otherwise noted.

The Debtors believe that the Plan will allow (i) Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC to reorganize successfully, (ii) Exchange Street, Inc. to liquidate efficiently, and (iii) the Debtors to accomplish the objectives of Chapter 11. For these reasons, the Debtors believe that acceptance of the Plan is in the best interests of the Debtors, its employees, and its creditors, and the Debtors urge all creditors allowed to vote to return their ballots and ACCEPT this Plan.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF THE PLAN PROPOSED BY THE DEBTORS AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS OF THE DEBTORS AND HOLDERS OF EQUITY INTERESTS IN THE DEBTORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN CAREFULLY AND IN THEIR ENTIRETY BEFORE VOTING. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED BY REFERENCE TO THE PLAN.

SUMMARIES OF CERTAIN PROVISIONS OF AGREEMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE APPLICABLE AGREEMENT(S), INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN SUCH AGREEMENT(S).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF DECEMBER 14, 2017 UNLESS ANOTHER TIME IS SPECIFIED AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. THE DELIVERY OF THIS DISCLOSURE STATEMENT AFTER DECEMBER 14, 2017 DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION PROVIDED SINCE DECEMBER 14, 2017.

TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE VOTING DEADLINE OR BEFORE IT. PLEASE SEE ARTICLE I OF THIS DISCLOSURE STATEMENT FOR THE VOTING INSTRUCTIONS. BALLOTS WILL NOT BE ACCEPTED VIA FACSIMILE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

NO STATEMENTS OR INFORMATION CONCERNING THE DEBTORS ARE AUTHORIZED OTHER THAN THE STATEMENTS AND INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL SECURITIES AND IS NOT A SOLICITATION OF AN OFFER TO BUY SECURITIES. TO THE EXTENT ANY TREATMENT UNDER THE PLAN IS DEEMED TO CONSTITUTE THE ISSUANCE OF A SECURITY, NONE OF SUCH SECURITIES WILL HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS, AND SUCH SECURITIES WILL BE ISSUED IN RELIANCE UPON EXEMPTIONS FROM THE SECURITIES ACT AND EQUIVALENT STATE LAWS OR SECTION 1145 OF THE BANKRUPTCY CODE.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION GENERATED BY THE DEBTORS AND IS BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS' KNOWLEDGE, INFORMATION, AND BELIEF.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSES OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED IN THIS DISCLOSURE STATEMENT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PERSON, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PERSON, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS.

THE DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS PRIMARILY BASED ON CURRENT EXPECTATIONS OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS' BUSINESS. THE WORDS "BELIEVE," "MAY," "ESTIMATE," "INTEND," "EXPECT," AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES, AND ASSUMPTIONS AND ACTUAL RESULTS COULD DIFFER FROM THOSE ANTICIPATED IN FORWARD-LOOKING STATEMENTS. THE DEBTORS DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND BECOMES EFFECTIVE, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE WHO REJECTED OR WHO ARE DEEMED TO HAVE REJECTED OR ACCEPTED

THE PLAN AND THOSE WHO DID NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN AND CERTAIN OF THE PLAN DOCUMENTS. IT IS THE PLAN ITSELF THAT WILL, IF CONFIRMED, ESTABLISH YOUR RIGHTS. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN OR THE APPLICABLE PLAN DOCUMENTS AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE APPLICABLE PLAN DOCUMENTS ARE CONTROLLING. THE SUMMARIES OF THE PLAN AND THE PLAN DOCUMENTS IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE PLAN AND THE APPLICABLE PLAN DOCUMENTS, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN THE PLAN AND OTHER PLAN DOCUMENTS. ALL HOLDERS OF CLAIMS AND HOLDERS OF INTERESTS ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND THE PLAN DOCUMENTS, AND TO READ CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS.

HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH HOLDER SHOULD CONSULT WITH ITS, HIS OR HER OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN ITSELF, AND THE TRANSACTIONS DESCRIBED IN THOSE DOCUMENTS.

ALTHOUGH THE DEBTORS' PROFESSIONALS HAVE ASSISTED IN THE PREPARATION OF THIS DISCLOSURE STATEMENT BASED ON THE FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING THE FINANCIAL, BUSINESS, AND ACCOUNTING DATA PROVIDED BY THE DEBTORS, THE DEBTORS' PROFESSIONALS HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND MAKE NO REPRESENTATIONS OR WARRANTIES AS TO SUCH INFORMATION. SUCH PROFESSIONALS DO NOT REPRESENT OR WARRANT THAT THIS DISCLOSURE STATEMENT IS COMPLETE OR IS FREE FROM ANY INACCURACY OR OMISSION.

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I. INTRODUCTION

The Plan is being jointly proposed by the Debtors. The Debtors and their executive officers are the sources of the information provided in this Disclosure Statement. More specifically, the sources of the information are: Bradley Rixmann, as President of the Debtors, Keith Kaestner, as the Debtors' Chief Financial Officer, and Steve Caulfield, as the Debtors' Chief Operations Officer. The Debtors were further assisted in compiling and presenting the financial forecasts and liquidation analysis by their financial adviser, Alliance Management, but the data used by Alliance Management was supplied by the Debtors and their executives. The Plan identifies, among other things, the proposed treatment of Claims and interests in accordance with the Bankruptcy Code. This Disclosure Statement is intended to explain the Plan and provide adequate information to allow an informed judgment regarding the Plan. A copy of the Plan is included with this Disclosure Statement. If the Plan and this Disclosure Statement are not consistent, the terms of the Plan control.

The Debtors provide this Disclosure Statement to all of the Debtors' known creditors and other parties in interest in order to provide adequate information to enable them to make an informed decision on whether to accept or reject the Plan. All holders of Claims are advised and encouraged to read this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan.

This Disclosure Statement was filed on December 14, 2017. The Bankruptcy Court held hearings on the adequacy of the information set forth in this Disclosure Statement on November 29, 2017 and December 19, 2017. By order dated, December __, 2017, the Bankruptcy Court approved the Disclosure Statement. A copy of the order approving the Disclosure Statement is attached as **Exhibit 8**.

The Debtors believe that the Plan is in the best interests of creditors and provides for the highest possible, and most expeditious recoveries to holders of all Claims. All holders of Claims entitled to vote to accept or reject the Plan are urged to vote in favor of the Plan.

Voting instructions are contained in the order approving the Disclosure Statement, which is attached as **Exhibit 8**. **To be counted, your ballot must be properly completed, executed, and actually received by the Clerk of the Bankruptcy Court by 5:00 p.m. (prevailing Central time), on January __, 2017 (the "Voting Deadline") at the following address:**

Clerk of Bankruptcy Court
United States Courthouse
316 North Robert Street
St. Paul, MN 55101

THE DEBTORS BELIEVE THAT THE PLAN OFFERS THE BEST POSSIBLE RECOVERY FOR CREDITORS AND URGE CREDITORS TO VOTE IN FAVOR OF THE PLAN.

II. THE DEBTORS’ BUSINESS AND OPERATIONS

A. Corporate and Ownership Structure

The Debtors consist of a corporation (Exchange Street, Inc.) and two limited liability companies (Pawn America Minnesota LLC and Pawn America Wisconsin LLC). Pawn America Minnesota LLC and Pawn America Wisconsin LLC are each owned by PAL Minnesota, Ltd. as 1% owner, and Pawn America Family Limited Partnership, as 99% owner. A full corporate ownership structure for Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC is attached hereto as **Exhibit 4**. The shares in Exchange Street, Inc. are owned by Paul Rixmann (198,000 shares), Amy Regnier (198,000 shares), and Bradley K. Rixmann (404,000 shares).

B. Reorganization of Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC

Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC will be reorganized and continue to operate as going concerns under the terms of the Plan and as described in more detail below.

C. Liquidation of Exchange Street, Inc.

Exchange Street, Inc. formerly operated a single retail store in Hopkins, Minnesota. Exchange Street, Inc.'s sole retail store was adjacent to the pawn and retail store operated by Pawn America Minnesota, LLC. Exchange Street, Inc. rejected its Hopkins lease as of November 9, 2017 and ceased its operation as a going concern. As part of the Plan, Exchange Street, Inc. will sell its assets to Pawn America Minnesota, LLC to facilitate the liquidation of its inventory and assets for the benefit of its creditors, as further described in Section IV(G)(iii)(b) below.

D. Insider Business Relationships

The Debtors are a family business, owned and operated by Brad Rixmann. The Debtors have several business relationships with companies owned and operated by Brad Rixmann and his family. The following chart demonstrates the substantial contracts and business relationships between the Debtors and the Rixmann family.

Insider Entity	Business Relationship
Pay Day America, Inc.	Licensee: Anoka store Bloomington store Burnsville store Coon Rapids store Duluth store Hopkins store Inver Grove Heights store Mankato store Roseville store St. Cloud store

RFP, LLC	Landlord Anoka Bloomington Duluth Midway (rejected)
Rixmann-McAndrews Center LLC	Landlord Burnsville
Rixmann Amcon LLC	Landlord Coon Rapids Corporate
PAL Management, Inc.	Employee Leasing Company
PAL Card Minnesota, LLC	Pre-Paid Card Service Provider/ Vendor
PAL Minnesota Ltd.	Equity Holder, part owner of RFP
Paul Rixmann	Equity Holder
Amy Rixmann	Equity Holder
Rixmann Properties, LTD	Subtenant Burnsville

Payday America, Inc. subleases space at certain Pawn America Minnesota's store locations noted above. Payday America operates a wholly-distinct Chapter 53 lending operation out of such stores. The subleases are documented as "licenses," and Payday pays Pawn America Minnesota for its right to use store location space under the licenses.

PAL Management, Inc. provides each of the Debtor entities with all management, administrative, and employment services, including employees for each store location.

PAL Card Minnesota, LLC offers the "CashPass" refillable, pre-paid debit card to the Debtors' customers. The Debtors' customers can elect to receive the proceeds of a pawn loan on these pre-paid debit cards instead of in the form of cash or check. PAL Card Minnesota, LLC pays the Debtors a commission for each pre-paid card activated. The Debtors do not pay any fees or commissions to PAL Card Minnesota, LLC.

E. Circumstances that Gave Rise to the Filing of the Bankruptcy Petition

Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc. (collectively, "Pawn America" or the "Company") collectively are the largest pawn broker in the Upper-Midwest. Pawn America's current CEO, Bradley Rixmann, started the company by opening a small, 900-square-foot store in Robbinsdale, Minnesota, in 1991. By January 1, 2017 the Company owned and operated a total of twenty-four (24) pawn and retail stores located in Minnesota, Wisconsin, North Dakota, and South Dakota. Pawn America maintains its corporate headquarters in Burnsville, Minnesota.

Pawn America generates revenues from the following primary areas:

1. Retail Sales. Pawn America generates revenue through the sale of merchandise in its stores or on the internet. Pawn America sources its retail merchandise from two primary areas:

- Buying used merchandise from customers, and
 - Items of collateral provided by customers through pawn transactions.
2. Pawn Loans Service Charges. Pawn America generates revenue by recovering service charges in what are commonly called “pawns” or collateral loan transactions. In these transactions, money is provided by Pawn America and, in return, customers pledge collateral such as jewelry, electronics, or household items.
 3. Other Services. Pawn America also offers ancillary products and services, such as prepaid debt cards (“Cash Pass”) and Extended Service Plans (“ESPs”).

In recent years, the retail sector has undergone major changes and experienced significant financial stress. In 2017 alone, several major retailers have sought bankruptcy protection, including Gordmans, hhgregg, RadioShack, Gander Mountain, BCBG Max Azria, MC Sports, Eastern Outfitters, Wet Seal, The Limited, and Payless. Other retailers, including Macy’s, Kmart, Sears, JCPenney, Game Stop, and Abercrombie & Fitch, have announced store closures to reduce their geographic footprint.

Pawn America endured many of the same challenges as its fellow retailers: in-store traffic decline, reductions of revenue in important sales categories, significant changes to traditional retail trends, expensive leases, and an increased consumer emphasis on internet-based transactions. As the successful retailers were shifting focus to e-commerce and reducing store size, Pawn America employed a growth strategy that involved leasing new store locations and adding fixed expenses, which led to increase working capital needs and greater challenges at corporate to manage these more complex operations.

The increase in average store size stretched the capabilities of store management, which led to employee turnover at certain stores, which in-turn resulted in declines in store performance.

Since the end of fiscal year 2014, the Company has faced internal and external challenges which have resulted in decreases in revenue, operating income, EBITDA, and net income. Following the trend of many brick and mortar retailers, Pawn America’s retail store sales have experienced a general decline in retail sales since fiscal year 2013. Despite these pressures, in fiscal year 2016, Pawn America generated approximately \$64 million in gross revenue and approximately \$665,000 in EBITDA and provided jobs to more than 440 people.

As losses continued and liquidity challenges mounted, the Company’s senior lender, TBK Bank, SSB (“TBK Bank”) required the Company to comply with increasingly restrictive operating requirements, among them, requiring the Company to engage an outside consulting firm. On or about October 10, 2016, Alliance Management was retained by the Company to provide an assessment of the Company’s operations and financial forecasts and to assist in the development of a plan to address the issues that were impacting overall financial performance.

This assessment included an initial 2017 fiscal year forecast that was delivered to TBK Bank on November 16, 2016. The forecast summarized Alliance Management’s initial findings as well as identified the need to integrate a strategic and tactical business plan.

During the first quarter of 2017, the Company's losses exceeded the fiscal year 2017 forecast delivered to the Bank. On or around March 31, 2017, despite best efforts, the Company fell out of compliance with its minimum debt service requirements. On April 12, 2017 (the "Petition Date") the Company filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code to facilitate the financial and operational restructuring necessary to strengthen its balance sheet and position the company for long-term success.

As explained in greater detail below, Pawn America has used the Chapter 11 process, like many other established retailers, to "right-size" its stores and its geographic footprint. Pawn America has closed several unprofitable stores, negotiated major concessions from landlords in stores where profitability had become a challenge, and streamlined its operations considerably. Through this Plan, Pawn America seeks to take the final step in its reorganization. By reducing its debt service obligations in the manner proposed by this Plan, financial projections show that Pawn America will be able to operate profitably in the years and decades to come.

F. The Condition and Performance of the Debtors While in Chapter 11

i. The Debtors' Operations

Since the Petition Date, the Debtors have been using cash collateral to fund operations and have provided detailed reports on operating results to TBK Bank and the Official Committee of Unsecured Creditors. The Debtors' revenues have been sufficient to fund all obligations as they have come due during the pendency of these cases and the Debtors have even managed to pay down the principal balance of secured debt owed to TBK Bank by more than \$1 million.

ii. Significant Case Events

The Debtors brought several motions at the outset of these Chapter 11 cases and received authorization to, among other things, use cash collateral, maintain their customer programs, pay critical vendors, and maintain pre-existing bank accounts and cash management systems.

On April 26, 2017, the U.S. Trustee for Region 12 appointed three different unsecured creditors to serve as the Official Committee of Unsecured Creditors (the "Committee") in these Chapter 11 Cases [Doc. 65]. By order dated May 12, 2017, the Court authorized the Committee to employ Foley & Mansfield, PLLP as its counsel. Counsel for the Committee can be contacted at: Foley & Mansfield, PLLP, Thomas J. Lallier and Cameron A. Lallier, 250 Marquette Avenue, Suite 1200, Minneapolis, MN (612.338.8788).

As a critical piece of these Chapter 11 cases, the Debtors filed motions to close five (5) stores and liquidate the inventory at those locations through store closing sales. These stores all operated at a net loss in recent history and were the least profitable of Debtors' locations. The Debtors have further rejected the real property leases at those closed stores.

In addition to store closings and lease rejections, the Debtors completed negotiations with a significant number of landlords and obtained significant rent concessions from landlords, resulting in annualized rental cost savings of approximately \$920,000.00. Negotiating new lease terms was a critical part of the Debtors' effort to reorganize. These modified leases will allow the Debtors to provide consistency of service by remaining in current locations, and will also

allow the Debtors to avoid the upheaval, cost, and delay of moving and making modifications to a new space.

A chart reflecting the status of all non-residential real property leases under which Pawn America is the lessee is attached hereto as **Exhibit 6**.

In late November, 2017, Pawn America Wisconsin, LLC received a letter from the Wisconsin Insurance Commissioner (“WIC”) demanding that Pawn America Wisconsin, LLC cease writing new service contracts related the extended service plan it offers to its customers. Pawn America Wisconsin, LLC has responded to the Wisconsin Insurance Commissioner and believes it can reach a resolution of the matter without long term disruption to its extended service plan. In the event that Pawn America Wisconsin, LLC cannot resolve this matter it would be prevented from offering these extended service plans and thus would lose the revenue associated with this product. Pawn America Wisconsin, LLC estimates that it receives \$60,000 in annual revenue from selling the extended service plan product. Pawn America Wisconsin, LLC believes that it will resolve the issue with the WIC. Out of an abundance of caution, however, the Debtors have removed income generated by Pawn America Wisconsin LLC from the extended service plan from its financial projections provided in connection with this Disclosure Statement.

On November 29, 2017, the Metropolitan Council filed a motion for relief from the automatic stay imposed under 11 U.S.C. §362 to permit it to proceed with an action to condemn, as allegedly necessary for a public purpose, certain real estate that includes the Pawn America Minnesota store location in Hopkins. Pawn America Minnesota’s right to use that store location could cease as early as March 2018. The Debtors have assessed the impact such condemnation could have on their future, and do not believe it will materially impact the future viability of the Reorganized Entities. Pawn America Minnesota is continuing to assess its rights under the Hopkins lease and the condemnation action. Out of an abundance of caution, the Debtors have removed the Hopkins store location from its financial projections after March 2018.

G. Avoidable Transfers

Under the Bankruptcy Code, debtors-in-possession (like the Debtors) can seek to recover, through lawsuits, certain transfers of property made during the 90 days immediately preceding their bankruptcy filings (or in the case of a transfer to an insider, one year preceding the bankruptcy filing) to the extent such transfers allow a transferee to receive more than it would have had the debtor been liquidated under Chapter 7 of the Bankruptcy Code. These lawsuits are called “preference actions.” There are certain defenses to preference actions. Among other things, payments made for equivalent new value and payments made in the ordinary course of business do not need to be returned to the estate.

As reflected in their respective Statements of Financial Affairs, the Debtors reviewed all transfers of funds to creditors in the 90 days preceding the Petition Date, as well as transfers to insiders in the year preceding the bankruptcy filings, and, after reasonable investigation, the Debtors believe that any relevant transfers made to creditors and insiders during this period are not likely avoidable due to, among other things, the Debtors’ pre-petition history of prompt and

consistent payment of invoices, or, if there are avoidable transfers, there are no avoidable transfers that, after litigation expenses, would bring value to the Debtors' respective estates.

Debtors-in-possession can also seek to recover transfers made to third parties for less than reasonably equivalent value through claims based on constructively fraudulent transfer. After careful review, the Debtors believe that no such claims exist against third parties.

H. Collectability of Accounts Receivable

The Debtors' receivables take the form of amounts owed from customers on short term collateral pawn loans. Approximately 70% of customers who engage in a pawn transaction pay-off their loan within the specified terms of the loan, which is usually 60 days. The other 30% of customers fail to pay the pawn loan and as a result, surrender their collateral, which becomes Pawn America's inventory. Based on historical data, the Debtors believe that virtually all of the receivables attributable to pawn loans are collectible, either through timely payment or conversion of collateral to inventory. More information on the collectability of receivables is available in **Exhibit 1**. If a party-in-interest would like the information contained in Exhibit 1 in a different format than presented, they are directed to obtain this by contacting counsel for the Debtors: Phillip Ashfield, 50 South Sixth Street, Ste 2600, Minneapolis, MN 55402, phillip.ashfield@stinson.com.

I. Future Management and Officer Compensation

The future management of the Reorganized Entities will be comprised of the following individuals: Bradley Rixmann, President and Chief Executive Officer, Keith Kaestner, Chief Financial Officer, and Steve Caulfield Chief Operating Officer. In the several months preceding the Petition Date, Bradley Rixmann received no salary from the Debtors. Brad Rixmann's annual base salary shall be capped at \$300,000.00 annually through 2018. Starting in 2019, if all covenants and conditions of the New TBK Facility, as described in Section 4.01 of the Plan are met, Mr. Rixmann may receive an annual increase of up to \$30,000.00. Additionally, Mr. Rixmann may be entitled to annual incentive compensation starting in 2019, in an amount not to exceed \$25,000 per year, and only so long as all covenants and conditions of the New TBK Facility are met. Keith Kaestner will receive a total annual salary from the Reorganized Entities of \$27,840.00, and Steve Caulfield will receive a total annual salary from the Reorganized Entities annual salary of \$171,324.00. Melanie Rixmann, Amy Regnier, and Paul Rixmann will no longer be managers of the company and will no longer receive compensation from the Debtors.

J. Administrative Expenses

The Debtors have remained current on post-petition obligations during the pendency of these cases. The Debtors anticipate significant administrative expenses related to the assumption of unexpired leases and executory contracts, professional fees, and other expenses necessary to preserve the Debtors' estates.

The Bankruptcy Code requires the Debtors to promptly cure any monetary breach of an unexpired lease or executory contract upon assumption. The Debtors anticipate making cure

payments in the aggregate amount of \$184,000 as of the Effective Date, as reflected on **Exhibit 5**.

The Bankruptcy Code also requires the Debtors to pay for good received in the 20 days preceding the Petition Date. The amount anticipated for these goods is anticipated to be \$6,610.00.

During the pendency of these cases, the Debtors incurred post-petition attorneys' fees and related costs and the fees of their financial consultant, as well as the fees and costs incurred by counsel to the Official Committee of Unsecured Creditors. Upon approval of such fees and costs by the Bankruptcy Court, the Debtors expect to remain current on such obligations. It is anticipated that the aggregate amount due for such administrative expenses as of the Plan's Effective Date will be less than \$650,000.00.

Based on the Debtors' financial projections, they believe they will be able to fund all administrative expenses in full on the Effective Date.

Additional information regarding administrative claims is available in Sections IV and V of this Disclosure Statement.

III. THE DEBTORS' FUTURE

The Debtors have attached the following documents in an effort to provide information regarding the value of their assets, their finances in the recent past, and their likely finances going forward:

Exhibit 1 – Historic Financial Information and Future Forecasts

Exhibit 2 – Liquidation Analysis

Exhibit 3 – Summary of Assets

The accounting and valuation methods used to forecast and create the above **Exhibits** are as follows:

Item	Exhibit	Method
Cash Flows	1	Cash
Other Financials	1	Accrual
Liquidation Values	2	Book Value adjusted as indicated for each line item
Assets	3	Book Value

IV. SUMMARY OF THE PLAN

A. General

THE DEBTORS HAVE DEVELOPED THEIR JOINT PLAN SO TO PROVIDE REALISTIC AND ACCEPTABLE RECOVERIES TO EACH CLASS OF CREDITORS AND HOLDERS OF INTERESTS. THE DEBTORS BELIEVE THAT THE PLAN PERMITS THE MAXIMUM POSSIBLE RECOVERY FOR CREDITORS WHILE ALLOWING FOR THE

SUCCESSFUL REORGANIZATION OF PAWN AMERICA MINNESOTA, LLC AND PAWN AMERICA WISCONSIN LLC, AND THE EFFICIENT LIQUIDATION OF EXCHANGE STREET, INC. THE FOLLOWING DESCRIPTION OF THE PLAN IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN ITSELF WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT. THE DEFINITIONS IN THE PLAN APPLY EQUALLY TO THIS DISCLOSURE STATEMENT.

B. Administrative Expense Claims

i. Description and Treatment of Allowed Administrative Claims

The Debtors will pay each holder of an Allowed Administrative Claim the full amount of such Allowed Administrative Claim (a) in cash on the later of (i) the Effective Date, or (ii) as soon as practicable after the Administrative Claim becomes an Allowed Administrative Claim; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases have been (and will continue to be) paid in the ordinary course of business in accordance with their terms.

Fees payable to the U.S. Trustee under 28 U.S.C. § 1930 will be paid in full on the Effective Date and thereafter as and when due until the Chapter 11 cases are closed, dismissed, or converted.

ii. Professional Fees

The Debtors have already funded a substantial portion of professional fees and expenses incurred during these Chapter 11 cases in accordance with the Court's approval of two interim fee applications. All other professional fees and expenses will be subject to Court approval after the Effective Date on a timeline to be determined by the Court. The Debtors estimate that *unpaid* professional fees for the Debtors' counsel and financial consultant and the Official Committee of Unsecured Creditors' professionals up to the Effective Date will not exceed \$650,000.00, in addition to the application of any retainers or deposits that have been delivered by the Debtors prior to the Petition Date.

iii. Claims Arising Under Assumed Contracts or Leases

The Debtors estimate that cure amounts arising under assumed executory contracts and unexpired leases under the Plan will total \$184,000, as reflected on **Exhibit 5**. As further detailed below in Section V(B) of this Disclosure Statement, the "insider" lessors identified on **Exhibit 5** have agreed to significant voluntary reductions of their cure claims in connection with the Plan.

iv. Administrative Expense Claim Deadline

Requests for payment of Administrative Claims must be filed and served no later than thirty (30) days after entry of the Confirmation Order in accordance with Local Rule 3002-2. Administrative Claims holders, excluding any claim for compensation pursuant to Code Sections 327, 328, 330, or 331, that do not file a request for payment by the Administrative Claims Deadline will be forever barred from asserting such claims against the Debtors or the

Reorganized Entities or any of their property. Any objection to an Administrative Claim must be served and filed no later than sixty (60) days after the Administrative Claims Deadline. Thereafter, the Administrative Claims Deadline can only be extended by order of the Bankruptcy Court. If no objection to the applicable Administrative Claim is so filed, such Administrative Claim will be deemed allowed.

C. *Priority Claims*

Priority claims are entitled to priority payment under § 507 of the Code. Allowed priority Claims payable outside the ordinary course of business under § 507(a)(3)-(8), if any, will be paid in full in cash on the Effective Date, or as soon as practicable thereafter. The Debtors do not anticipate that there will be any allowed Priority Claims under § 507(a)(3)-(8) of the Code.

D. *Classes and Treatment of Claims and Interests*

The following is a summary of the classification of non-administrative claims and interests and the treatment of those claims and interests under the Plan:

i. *Description of Claim Classes*

Description of Class A1 Claim. The Class A1 Claim shall consist of the Secured Claim held by TBK Bank against the Debtors. The principal amount of the claim, as of December 31, 2017, is expected to total approximately \$9,415,515.00. In addition, pursuant to the *Stipulated Order Regarding Debtors' Motion for Use of Cash Collateral on a Final Basis* ("Cash Collateral Order") [ECF 119], TBK Bank is entitled, to the extent provided and allowed by §506 of the Bankruptcy Code, interest at rates set forth in the Loan Documents (as defined in the Cash Collateral Order) and reasonable attorneys' fees and other reasonable professional fees as well as all other reasonable costs and expenses incurred by TBK Bank as more fully set forth in the Cash Collateral Order. The Debtors expect to allow TBK Bank's claim in such amount as shall be agreed upon by the Debtors and TBK Bank, in consultation with the Committee, or in such other amount determined by the Court.

Description of Class A2 Claim. The Class A2 Claim will consist of the Secured Claim held by Klein Bank against Pawn America Minnesota, LLC in the amount of approximately \$92,466.45, or such other amount as will be agreed upon by the Debtors and Klein Bank, in consultation with the Committee, or in such other amount determined by the Court.

Description of Class A3 Claim. The Class A3 Claim will consist of the Secured Claim held by Lease Finance Group, Inc., a division of Signature Bank, against Pawn America Minnesota, LLC in the amount of approximately \$96,047.60, or such other amount as will be agreed upon by the Debtors and Lease Finance Group, Inc., in consultation with the Committee, or in such other amount determined by the Court.

Description of Class B1 - Administrative Convenience Class (Pawn America Minnesota). The Class B Claims will consist of all Allowed Unsecured Claims against Pawn America Minnesota, LLC that are (a) scheduled in the amount of \$250 or less, or (b) reduced by the holder of the claim to \$250 to be treated under this class through an election on a ballot cast

pursuant to the Plan. Pawn America Minnesota, LLC estimates that the Allowed Class B1 Claims will total between \$10,000.00 and \$12,000.00.

Description of Class B2 - Administrative Convenience Class (Pawn America Wisconsin). The Class B2 Claims will consist of all Allowed Unsecured Claims against Pawn America Wisconsin, LLC that are (a) scheduled in the amount of \$250 or less, or (b) reduced by the holder of the claim to \$250 to be treated under this class through an election on a ballot cast pursuant to the Plan. Pawn America Wisconsin, LLC estimates that the Allowed Class B2 Claims will total between \$3,000.00 and \$4,000.00.

Description of Class C1 Claims. The Class C1 Claims will consist of all Allowed Unsecured Claims against Pawn America Minnesota, LLC that are not included in any other class of Claims, including any Unsecured Claim held by a secured creditor of Pawn America Minnesota LLC arising from the determination of its Allowed Secured Claim under § 506 of the Code or otherwise. Based on scheduled amounts and amounts listed on filed proofs of claim, the aggregate amount of claims in this class is estimated to be in the approximate amount of \$4,800,000.00. Pawn America Minnesota, LLC believes that, after claim objections, setoffs, and other adjustments, the total allowed amounts of Class C1 Claims will decrease substantially.

Description of Class C2 Claims. The Class C2 Claims will consist of all Allowed Unsecured Claims against Pawn America Wisconsin, LLC that are not included in any other class of claims, including any Unsecured Claim held by a secured creditor of Pawn America Wisconsin, LLC arising from the determination of its Allowed Secured Claim under § 506 of the Code or otherwise. Based on scheduled amounts and amounts listed on filed proofs of claim, the aggregate amount of claims in this class is estimated to be in the approximate amount of \$1,410,000.00. Pawn America Wisconsin, LLC believes that, after claim objections, setoffs, and other adjustments, the total allowed amounts of Class C2 Claims will decrease substantially.

Description of Class C3 Claims. The Class C3 Claims will consist of all Allowed Unsecured Claims against Exchange Street, Inc. that are not included in any other class of claims, including any Unsecured Claim held by a secured creditor of Exchange Street, Inc. arising from the determination of its Allowed Secured Claim under § 506 of the Code or otherwise. Based on scheduled amounts and amounts listed on filed proofs of claim, the aggregate amount of claims in this class is estimated by Exchange Street, Inc. to be in the approximate amount of \$1,837,816.26.

Description of Class D1 Interests. The Class D1 Interests will consist of all rights attributable to the holders of ownership interests in Pawn America Minnesota, LLC, together with all options, warrants, or other rights, commitments, or agreements of any nature, if any, to acquire an ownership interest in one or more of the Debtors.

Description of Class D2 Interests. The Class D2 Interests will consist of all rights attributable to the holders of ownership interests in Pawn America Wisconsin, LLC, together with all options, warrants, or other rights, commitments, or agreements of any nature, if any, to acquire an ownership interest in one or more of the Debtors.

Description of Class D3 Interests. The Class D3 Interests will consist of all rights attributable to the holders of ownership interests in Exchange Street, Inc. together with all options, warrants, or other rights, commitments, or agreements of any nature, if any, to acquire an ownership interest in one or more of the Debtors.

ii. Treatment of Claim Classes

Treatment of the Class A1 Claim. On or before the Effective Date, the Debtors and/or the Reorganized Entities shall pay down TBK's allowed Class A1 Claim to the lesser of: (i) \$6,500,000 or (ii) the sum of 70% of the Eligible Pawn Loans and Eligible Pawn Service Charges, as defined in the loan documents (the "TBK Pay Down"). In addition, the Debtors shall provide TBK Bank a full release of all claims or causes of action which accrued prior to the Effective Date.

On the Effective Date, TBK will amend and restate its Pre-petition Loan Agreement, which will provide for a line of credit with a forty-two (42) month term (the "New TBK Facility"), which will be evidenced by documents to be negotiated between TBK Bank and the Reorganized Entities. The full execution of such documents (including an intercreditor agreement between TBK Bank and Capital Managers LLC and the approval by TBK Bank of the creditworthiness of Capital Managers LLC) and the TBK Pay Down shall be conditions precedent to the Effective Date. Such conditions precedent cannot be waived by the Debtors.

The terms of the New TBK Facility are summarized below.

The maximum advances under the New TBK Facility will be \$6,500,000 from the Effective Date through March 31, 2019. Effective April 1, 2019 through June 30, 2021, the maximum advances under the New TBK Facility will be \$6,000,000.00.

TBK Bank shall be entitled to interest on the outstanding principal amount under the New TBK Facility as follows:

- Months 1-25: Prime plus 1% with a guaranteed interest rate of 6%.
- Months 26-42: Prime plus 1.8% with a guaranteed interest rate of 7.5%.

The Reorganized Entities shall pay the following fees related to the New TBK Facility:

- \$25,000.00 upon on the Effective Date.
- \$37,500.00 by January 3, 2020.
- \$75,000.000 upon the New TBK Facility being paid in full or maturity; provided, however, that such fee is waived if payment in full of the New TBK Facility occurs within 37 months after the Effective Date.

The New TBK Facility requires mandatory prepayments based upon the Borrowing Base, measured by 70% of the Eligible Pawn Loans and Eligible Pawn Service Charges, as defined in the loan documents and monthly interest, which shall be due and payable each month, and the balance of the New TBK Facility shall be due on the last day of the forty-second month after the Effective Date.

Except as provided for in this Plan, the Reorganized Entities shall not incur additional debt or enter into additional lease obligations without the express written consent of TBK Bank.

TBK Bank shall retain its security interest in all assets of the Debtors and shall be granted by the Reorganized Entities a security interest in all assets of the Reorganized Entities, subordinate only to Capital Managers LLC's first priority secured interest (as described in Section 6.07 of the Plan), in all the Debtors' and Reorganized Entities' inventory. The Reorganized Entities shall grant TBK Bank a first priority security interest in all of its Accounts, chattel paper, payment intangibles, promissory notes that comprise or relate to any and all pawn loans and pawn service charges as well as any and all goods pledged as security for any and all pawn loans and/or pawn service charges (the "Pawn Collateral"). Pursuant to the terms of an Intercreditor agreement, TBK Bank and Capital Managers shall share pro-rata first priority security interest in all of the Reorganized Entities' assets, other than inventory and the Pawn Collateral, based upon the amount of the outstanding principal balance of each loan as of the date of the occurrence of an event of default under the New TBK Facility and on account of which default TBK Bank exercises any remedies.

To further secure payment of the New TBK Facility, Bradley K. Rixmann shall execute a personal guarantee in an amount not to exceed \$6,500,000.00 of the New TBK Facility thru April 1, 2019, at which time the amount of the guarantee will reduce to a maximum of \$6,000,000.00

The New TBK Facility will require the Reorganized Entities to maintain a debt service coverage ratio of not less than 1.25 to 1. The debt service coverage ratio is to be measured as of the last date of each month of the Reorganized Entities' fiscal year (the "Measurement Date") commencing on September 30, 2018 (except that neither October 31, 2018 nor November 30, 2018 will be a Measurement Date), for the following "Measurement Periods": (i) for each Measurement Date ending on September 30, 2018 and on December 31, 2018, the Measurement Period commences on the Effective Date and ends on each such Measurement Date; (ii) for each Measurement Date after December 31, 2018, the Measurement Period is the period of twelve consecutive months ending on the Measurement Date.

The advance rates under the New TBK Facility shall be calculated as follows:

TBK's Collateral	From Effective Date through 3/31/19 Calculated As	From 4/1/19 through 6/30/21 Calculated As
Eligible Pawn Loans	70% of BV	65% of BV
Eligible Service Charges	70% of BV	65% of BV

The Reorganized Entities shall maintain a joint deposit account with TBK Bank with a minimum balance of \$150,000.00.

The line of credit described in Section 6.07 of the Plan shall be maintained in the minimum amount of \$2,029,000.00 until the New TBK Facility is paid in full.

During the term of the New TBK Facility, the Reorganized Entities shall provide the following reports to TBK Bank:

1. A borrowing base certificate, together with supporting schedules of outstanding pawn loans and related service charges will be supplied on a weekly basis.
2. A thirteen week rolling cash flow will be presented monthly.
3. Financial statements will be forwarded monthly within twenty-five days of month end.
4. 2016 audit to be provided within 90 days of the emergence from bankruptcy and FYE audits to be provided within 120 days of year-end going forward.
5. Tax returns for the Borrower will be forwarded to TBK Bank within thirty days of filing.
6. Personal financial statements and 2016 tax returns of the Guarantor will be provided prior to closing and on an annual basis going forward.
7. Updated twelve month projections to be provided semi-annually or more frequently if actual performance deviates negatively from existing projections
8. TBK Bank shall have the right to perform monthly test counts of pawn loans and underlying collateral and periodic field audits.

The Class A1 Claim is deemed impaired under the Plan.

Treatment of Class A2 Claim. The Class A2 Claim of Klein Bank is secured only by FF&E located at Pawn America Minnesota's Mankato store. In full and final satisfaction of the Class A2 Claim, on the Effective Date, the Debtors will surrender and make available to Klein Bank all of the collateral subject to the Klein Bank's security interest for pickup at 1565 Tullamore Street, Mankato, Minnesota, 56001.

The Debtors believe that the Class A2 Claim is unimpaired, but out of an abundance of caution, the Class A2 Claim will be deemed impaired for voting purposes and entitled to vote on the Plan. The Debtors reserve all rights to argue that the Class A2 Claim is unimpaired at confirmation.

Treatment of Class A3 Claim. The Class A3 Claim of Lease Finance Group, Inc., a division of Signature Bank, is secured only by FF&E located at Pawn America Minnesota's Inver Grove Heights store. In full and final satisfaction of the Class A3 Claim, on the Effective Date, the Debtors will surrender and make available to Lease Finance Group, Inc. all of the collateral subject to Lease Finance Group, Inc.'s security interest for pickup at 5300 South Robert Trail, Inver Grove Heights, Minnesota, 55077.

The Debtors believe that the Class A3 Claim is unimpaired, but out of an abundance of caution, the Class A3 Claim will be deemed impaired for voting purposes and entitled to vote on the Plan. The Debtors reserve all rights to argue that the Class A3 Claim is unimpaired at confirmation.

Treatment of Class B1 Claims. The holders of Class B1 Claims will receive a payment in cash on the Effective Date in an amount equal to one hundred percent (100%) of their Allowed Claim.

The Class B1 Claims are deemed unimpaired under the Plan.

Treatment of Class B2 Claims. The holders of Class B2 Claims will receive a payment in cash on the Effective Date in an amount equal to one hundred percent (100%) of their Allowed Claim.

The Class B2 Claims are deemed unimpaired under the Plan.

Treatment of Class C1 Claims. In full satisfaction of their unsecured claims, the holders of Class C1 Claims will receive their pro rata share of \$347,826.09, paid in 5 (five) installments of \$69,565.22. The first installment payment will be made on March 30, 2018 and the four (4) subsequent installment payments will be made on or before March 30th of the four following years. Pawn America Minnesota, LLC believes that, after claim objections, setoffs, and other adjustments, the overall return to Class C1 Claimants will range between 10 and 15%.

The Class C1 Claims are deemed impaired under the Plan.

Treatment of Class C2 Claims. In full satisfaction of their unsecured claims, the holders of Class C2 Claims will receive their pro rata share of \$102,173.91, paid in 5 (five) installments of \$30,434.78. The first installment payment will be made on March 30, 2018 and the four (4) subsequent installment payments will be made on or before March 30th of the four following years. Pawn America Wisconsin, LLC believes that, after claim objections, setoffs, and other adjustments, the overall return to Class C2 Claimants will range between 10 and 15%.

The Class C2 Claims are deemed impaired under the Plan.

Treatment of Class C3 Claims. In full satisfaction of their unsecured claims, the holders of the Class C3 Claims will receive their pro rata share of 20% of the gross estimated liquidation value of the assets owned by Exchange Street, Inc. (the other 80% will go toward TBK's loan balance). The gross liquidation value of the assets as of October 31, 2017 was \$54,020.00, as reflected on page 7 of the Liquidation Analysis attached hereto as **Exhibit 2**. The Debtors estimate a gross distribution to Class C3 Claims in the amount of \$10,000.

The Class C3 Claims are deemed impaired under the Plan.

Treatment of Class D1, D2, and D3 Interests. The holders of Class D1, D2, and D3 Interests will not retain any of their respective interests and will not receive any payment under the Plan.

The Class D1, D2, and D3 Interests are deemed impaired under the Plan.

E. Retention of Claims and Causes of Action

Unless a claim or cause of action against a creditor or other entity is expressly waived, relinquished, released, compromised, or settled in the Plan, the Debtors expressly reserve such claim(s) or cause(s) of action and all rights to pursue them.

F. Distributions and Claims Administration

i. Timing and Method of Distributions

Payments under this Plan will be made by check, mailed with first class postage pre-paid, to the holder of each Allowed Claim at the address listed on its proof of claim as of the Confirmation Date, or if no proof of claim has been filed by the Confirmation Date, to the address listed on the Schedules as of the Confirmation Date. The Debtors' Plan provides contact information for holders of Claims who want to change their address.

ii. Claim Objections and Administration

The Plan sets forth procedures relating to contested claims, returned checks, and other Claim administration procedures. Unless a Claim is specifically Allowed under the Plan or has been otherwise Allowed by order of the Court, the Debtors or the Reorganized Entities, as appropriate, reserve any and all objections to any and all Claims, and on and after the Effective Date the Reorganized Entities will have the exclusive right (except as to applications for allowance of compensation of professionals under Sections 330 and 503 of the Bankruptcy Code) to object to any and all Claims and motions or requests for the payment of Claims, whether administrative, secured, priority unsecured, or general unsecured, filed or unfiled, scheduled or unscheduled, including without limitation any and all objections to the validity or amount of any and all alleged Administrative Claim, Priority Claim, or unsecured Claim.

G. Plan Confirmation

i. Conditions

Article IX of the Plan provides certain conditions precedent to the Effective Date of the Plan. If the Plan has been confirmed and the conditions precedent to the Effective Date have not been satisfied, however, the Debtors reserve their rights to commence proceedings to vacate the Confirmation Order and deem the Plan null and void.

ii. Cramdown

The Plan requests that confirmation be granted under the "cram down" provisions of Section 1129(b) of the Bankruptcy Code in the event any Class of Claims rejects the Plan. The Debtors believe that the Plan complies with the requirements of Section 1129(b) of the Bankruptcy Code.

iii. Effect of Confirmation

a. Title and Vesting of Assets for Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC. On the Effective Date, all property of the Debtors Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC and their respective estates will vest in the Reorganized Entities and such property will be free and clear of all liens, encumbrances, claims, and interests of creditors and equity security holders, except to the extent the Plan explicitly provides that such liens, encumbrances, claims, or interests are retained. For the avoidance of doubt, all liens, security interests and encumbrances of TBK Bank are retained. From and after the Effective Date, the Reorganized Entities can operate, use, acquire, and dispose of property in accordance with the Plan, free and clear of any restrictions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code, except as provided in this Plan.

b. Exchange Street, Inc. On the Effective Date, Exchange Street, Inc. will be deemed to have irrevocably transferred all of its assets to Pawn America Minnesota, LLC. Exchange Street, Inc.'s assets consist of retail inventory and owned furniture, fixtures, and equipment of *de minimis* value. As consideration for the transfer of assets, Pawn America Minnesota, LLC will, on the Effective Date, pay the gross estimated liquidation value of such assets and distribute such amount to the creditors of Exchange Street, Inc. as follows: 80% to TBK Bank and 20% on a pro rata basis to holders of Class C3 Claims. The security interest of TBK Bank shall continue to attach to all assets of Exchange Street, Inc., including all cash generated by the liquidation of such assets, until the distribution is made to the creditors of Exchange Street, Inc. On the Effective Date, Exchange Street, Inc. shall cease to exist as a corporation without any further action, notice, or filing.

c. Discharge. To the extent permitted by § 1141 of the Bankruptcy Code and except as otherwise provided in the Plan, confirmation will serve to discharge, waive, and release the Reorganized Entities from any debt that arose before the Confirmation Date and any debt of a kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, regardless of whether or not proof of the Claim based on such debt was filed or deemed filed under Section 501 of the Bankruptcy Code, such Claim is allowed under Section 502 of the Bankruptcy Code, or the holder of such Claim has accepted the Plan. The payments of, distributions on account of, or treatments of claims in this Plan are deemed to satisfy in full all Claims.

d. Dissolution of the Committee. On the Effective Date, the Committee shall dissolve automatically, whereupon its members, professionals and agents shall be released from any further duties and responsibilities in these Chapter 11 Cases and under the Bankruptcy Code.

V. EXECUTION OF THE PLAN

A. *Rejection of Executory Contracts and Unexpired Leases*

The Debtors believe that all executory contracts and unexpired leases relating to Exchange Street, Inc. have been rejected during these Chapter 11 Cases. To the extent any executory contracts or unexpired leases, unbeknownst to the Debtors, were not previously rejected, then such executory contracts and unexpired leases will be deemed rejected as of the Effective Date, without further notice or action, order, or approval of the Bankruptcy Court.

Every Claim asserted by a creditor arising from the rejection of an executory contract pursuant to this Plan must be filed with the Bankruptcy Court no later than the first business day, which is thirty (30) days after entry of the Confirmation Order. Every such Claim which is timely filed, as and when it becomes an allowed Claim, will be treated under Class C1, C2, or C3 depending on the contracting Debtor entity. Every such Claim which is not timely filed by the deadline stated above will be forever barred, deemed unenforceable, and discharged, and the creditor holding the claim will not receive or be entitled to any distribution under this Plan on account of such claim.

B. *Assumption of Unexpired Real-Property Leases and Executory Contracts*

The Debtors, with the assistance of their financial consultant, have evaluated each store location in order to determine whether continuing operations at each store location will benefit the overall going-concern of the Debtors' business operations. The Debtors have already realized significant rent savings during the course of these Chapter 11 Cases based on negotiations with landlords and elimination of stores. A chart reflecting the status of each non-residential real property lease is attached as **Exhibit 6**.

As reflected in **Exhibit 5**, the Debtors plan to assume certain non-residential real property leases where the landlord is also an insider of the Debtors (the "Insider Leases"). Since August 2014, the landlords for those Insider Leases temporarily reduced the rent charged to the Debtors to the minimum amounts necessary to service debt on the landlord properties. The Debtors previously rejected one insider lease and closed the related store during the course of these Chapter 11 Cases. The Debtors believe that it is in the best interest of their estates and creditors to assume the remaining Insider Leases. The terms of the Insider Leases are at or near market rates and the stores in those locations are forecasted to contribute to the projected success of the Reorganized Entities. Additionally, the landlords of the Insider Leases have agreed to accept an aggregate amount of \$184,000 to cure all monetary defaults under §365(b)(1) of the Bankruptcy Code. For a significant period of time prior to the Petition Date, the insider landlords did not receive full rental payments due under the Insider Leases as a result of the Debtors' financial performance and restrictions imposed by TBK Bank. Such restrictions have continued during the Chapter 11 Cases, as reflected in the Cash Collateral Order (*see* ¶ G(1)). In total, the insider lessors' cure claims could exceed \$400,000 in the aggregate. As part of the consideration being offered as part of the Plan, the insider lessors have agreed to accept less than half of this amount, resulting in significant savings to the Reorganized Entities.

Additionally, the Debtors have negotiated more favorable terms on a lease of personal property, which is identified on **Exhibit 5**. The equipment lessor has agreed to rent or payment reductions, and other concessions that will improve the financial viability of the respective store location and the overall likelihood of a successful reorganization of the Reorganized Entities.

Aside from those unexpired leases and executory contracts (i) previously rejected by order of the Bankruptcy Court, or (ii) rejected pursuant to the Plan as described in Section V(A) above, all executory contracts and unexpired leases of the Debtors will be deemed assumed by the Reorganized Entities, without the need for any further notice or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code, and regardless of whether such executory contract or unexpired lease is specifically identified in the Plan.

In the exercise of their sound business judgment, the Debtors believe that continuing operations at the store locations under the assumed Insider Leases and assuming the personal property lease identified in **Exhibit 5** will benefit the Reorganized Entities. Based on their analysis of all the Insider Leases and store operations, the Debtors are confident that assumption of such leases, with the significant reduction in cure payments, will improve the viability of the Reorganized Entities' operations and increase the likelihood of a successful reorganization. Accordingly, assuming the Insider Leases and the personal property lease identified on **Exhibit 5** is a sound exercise of the Debtors' business judgment.

The Confirmation Order will constitute an order of the Bankruptcy Court approving assumption of the Insider Leases and the executory contract identified on **Exhibit 5**, and any other executory contract not otherwise rejected by this Plan pursuant to Sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Any cure payments will be promptly paid after the Effective Date.

C. Liquidation of Exchange Street, Inc.

As of the Petition Date, Exchange Street, Inc. operated only one retail store location in Hopkins, Minnesota (the Exchange Street store was directly adjacent to the Pawn America Minnesota Hopkins store). As part of the lease-evaluation process, the Debtors determined that the lease terms available at the Exchange Street Hopkins store did not support a decision to continue operations there. Accordingly, the Debtors determined that rejecting the lease at the Hopkins Exchange Street, Inc. location was in the best interest of the estate and its creditors. The lease was deemed rejected under the Bankruptcy Code as of November 9, 2017. As a result of the rejection, Exchange Street, Inc. has no means to realize future revenue and reorganize, and must therefore liquidate. Additional detail relating to the liquidation of Exchange Street, Inc. is available above in Section IV(G)(iii)(b) of this Disclosure Statement.

D. Continuing Operations

After the Effective Date, the Reorganized Entities will operate pawn and retail stores. Pro forma financial statements showing the estimated future financial condition and results of operations of Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC are contained on **Exhibit 1** to the Disclosure Statement. Such projections and analysis of Reorganized Entities'

ability to make payments required by the Plan are the result of discussions with, and have been reviewed and approved by the management of Debtors. Such projections indicate that the Reorganized Entities are expected to generate revenues sufficient to fund all obligations under this Plan.

E. Management of the Reorganized Entities

On and after the Effective Date, the future management of the Reorganized Entities will be comprised of the following individuals: Bradley Rixmann, President and Chief Executive Officer, Keith Kaestner, Chief Financial Officer, and Steve Caulfield Chief Operating Officer.

F. Issuance of New Shares and Maintaining Existing Corporate Structure

In exchange for a total capital contribution of \$450,000.00 to Pawn America Minnesota, LLC and \$250,000.00 to Pawn America Wisconsin, LLC, Capital Managers, LLC will be issued a 100% membership interest in each Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC. To the fullest extent permitted under Section 1145 of the Bankruptcy Code, the issuance of the new shares of stock and the new membership units under or in connection with the Plan will be and are exempt from the registration requirements of the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer or sale of a security or registration or licensing of any issuer of such securities. The ultimate owner of Capital Managers, LLC is Wayne P. Rixmann, who is the father of Bradley Rixmann, and thus Capital Managers, LLC is an "insider" as defined by 11 U.S.C. § 101(31)(B)(vi). Neither the Debtors nor Bradley Rixmann will contribute any funds to Capital Managers, LLC for the issuance of new equity in the Reorganized Entities. As provided in Article IX of the Plan, Capital Managers' equity contribution is a condition precedent to the Plan becoming effective, and the Effective Date cannot occur until such equity contribution is made.

G. Additional Secured Lender

In addition to the equity contribution described in the preceding subsection, Capital Managers, LLC shall also provide the Reorganized Entities with access to operating capital in the form of a secured revolving loan facility, the maximum balance of which shall not exceed \$2,029,000 (the "Capital Managers Facility"). The Reorganized Entities' repayment and performance under the Capital Managers Facility shall be secured by (i) a first priority lien on the Reorganized Entities' inventory assets; (ii) a lien in Pawn Collateral subordinate to the liens granted to TBK Bank under the New TBK Facility; and (iii) a first priority lien (shared on a pro-rata basis with TBK Bank based upon the amount of the outstanding principal balance of each loan as of the date of the occurrence of an event of default under the New TBK Facility and on account of which default TBK Bank exercises any remedies with TBK Bank) in all other assets. The Capital Managers Facility will be documented between the parties, and contain the following material terms:

The interest rate applicable to amounts borrowed by the Reorganized Entities under the Capital Managers Facility shall: (i) months 1–25: Prime plus 1.00% with a guaranteed minimum of 6.0%; and (ii) months 26–42, Prime plus 1.8% with a guaranteed minimum of 7.5%.

Payments under the Capital Managers Facility shall be interest-only, with the balance of

the loan due upon maturity.

The advance rates under the Capital Managers Facility shall be calculated as follows:

First-Priority Collateral	Advance Rate
Jewelry Inventory	50% of BV
Consignment Inventory	20% of BV
All other Inventory	40% of BV

H. Corporate Action

On the Effective Date, the matters under this Plan involving or requiring action by either of the Reorganized Entities including, but not limited to, execution of all documentation incident to this Plan, will be deemed to have been authorized by the Confirmation Order and to have occurred and be in effect from and after the Effective Date without any further action by the Bankruptcy Court or the shareholders, governors, managers, or members of either of the Reorganized Entities.

I. Plan Amendments or Modifications

The Debtors or Reorganized Entities, as appropriate, reserve their rights to amend or modify the Plan both before and after the Confirmation Date in accordance with the provisions of Section 1127 of the Bankruptcy Code.

VI. PROOFS OF CLAIM AND ADMINISTRATIVE CLAIMS

A. Claim Deadlines

Unless otherwise extended by the Plan or prior order of the Court, the deadline to file all proofs of claim in this case was August 14, 2017. With respect to Administrative Claims, and as more specifically described above in Section IV(B)(iv) of this Disclosure Statement, the Confirmation Order will set deadlines for the submission of requests for payment post-petition administrative expenses by any entities that believe they are entitled to be paid and have not been paid for post-petition services rendered to the Debtors. Local Bankruptcy Rules govern the method of filing for such requests.

B. Reservation of Rights to Object to Claims

Unless a Claim is specifically allowed under the Plan or otherwise Allowed by order of this Court, the Debtors reserve any and all objections to any and all claims and motions or requests for the payment of claims, whether administrative expense, secured, or unsecured, including without limitation any and all objections to the validity or amount of any and all alleged administrative expense claims, priority tax claims, liens, and security interests, whether under the Bankruptcy Code, or under other applicable law or contract.

C. *Filing of Objections to Claims (Other than Administrative Claims)*

Unless otherwise extended by the Court in the Confirmation Order, any objections to claims other than Administrative Claims must be properly filed and served within thirty (30) days after the later of (i) the Effective Date (unless such day is not a business day, in which case such deadline will be the next business day thereafter); or (ii) the date a proof of claim is filed.

D. *Determination of Claims*

Except as otherwise agreed by the Debtors, any Claim as to which a proof of claim or motion or request for payment was timely filed in these cases can be determined and liquidated pursuant to (i) a Final Order of the Court, or (ii) a Final Determination under applicable non-bankruptcy law, and will be deemed in such liquidated amount and satisfied in accordance with this Plan. Nothing contained in the Plan, this Disclosure Statement, or the Confirmation Order will constitute, or be deemed a waiver of, any claim, right, interest, or Cause of Action that the Debtors or the Debtors' estates can have against any person in connection with, or arising out of any claim or claims, including without limitation any rights under Section 157(b) of title 28 of the United States Code.

On and after the Effective Date, the Reorganized Entities will have the authority to assert, compromise, settle, otherwise resolve, or withdraw any objections to Claims, and compromise, settle, or otherwise resolve any other form of contested Claims, without further approval of the Bankruptcy Court.

VII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following summarizes certain material U.S. federal income tax consequences expected to result from the consummation of the Plan as they relate to the Debtors and to beneficial owners of Claims (each a "Holder") entitled to vote on the Plan. This summary is intended for general information purposes only, is not a complete analysis of all potential federal income tax consequences that can be relevant to any particular Holder and does not address any tax consequences arising under any state, local, or foreign tax laws or federal estate or gift tax laws.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date of this Disclosure Statement. These authorities can change, possibly with retroactive effect, resulting in federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This summary does not apply to Holders of Claims that are not United States persons for U.S. federal income tax purposes or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass through entities, tax exempt organizations,

brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that can apply to the Debtors and Holders of Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that can arise under state, local, or foreign tax law.

Holders should consult their tax advisers regarding the U.S. federal income tax consequences to them of the consummation of the Plan and the ownership and disposition of the promissory notes received pursuant to the Plan, as well as any tax consequences arising under any state, local, or foreign tax laws, or any other federal tax laws.

This discussion is limited to the federal tax issues addressed in this Disclosure Statement. Additional issues can exist that are not addressed in this discussion and that could affect the federal tax treatment of consummation of the Plan. Holders of Claims should seek their own advice based on their particular circumstances from an independent tax adviser.

A. *Federal Income Tax Consequences to the Debtors*

The discharge of a debt obligation for an amount less than the remaining amount due on the obligation (as determined for federal income tax purposes) generally will give rise to cancellation of indebtedness (“COD”) income that must be included in the debtor’s income, subject to certain exceptions. In particular, under section 108 of the Tax Code, COD income will not be included in a debtor’s income (i) to the extent of the debtor’s insolvency (the “Insolvency Exception”) or (ii) if the discharge of the debt obligation occurs in a case brought under the Bankruptcy Code, the debtor is under the court’s jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the “Bankruptcy Exception”). In the case of a debtor that is a partnership for federal tax purposes, the Insolvency Exception and Bankruptcy Exception are applied at the partner or member level rather than the partnership or company level. The Debtors expect that the aggregate value of the payments distributed with respect to the Claims, as applicable, will be less than the aggregate value of those Claims (including any unpaid interest accrued thereon). Therefore, the Debtors expect that the consummation of the Plan will produce a significant amount of COD income which will be tested for inclusion under Section 108 of the Tax Code.

Under the Tax Code, a debtor that excludes COD from income under the Insolvency Exception or the Bankruptcy Exception generally must reduce certain tax attributes by a corresponding amount. Attributes subject to reduction include attributes (such as net operating losses (“NOLs”), NOL carryforwards, and certain other losses, credits, and carryforwards) attributable to a debtor's and a debtor's tax basis in its assets (including stock of subsidiaries). A debtor’s tax basis in its assets generally cannot be reduced below the amount of its liabilities remaining immediately after the discharge of indebtedness. In the case of a partnership, the reduction of attributes is applied at the partner or member level.

B. *Federal Income Tax Consequences to Holders of Certain Claims*

The United States federal income tax consequences of the transactions contemplated by the Plan to Holders of Claims (including the character, timing and amount of income, gain or

loss recognized) will depend significantly on such Holder's individual circumstances. Therefore, Holders of Claims should consult their tax advisors to determine the particular tax consequences to them of the transactions contemplated by the Plan. This discussion assumes that the Holder has not taken a bad deduction with respect to a Claim (or any portion thereof) in the current or any prior year and such Claim did not become completely or partially worthless in a prior taxable year. The discussion further assumes that the claims are held by Holders as capital assets.

i. Allocation of Payments between Principal and Interest

To the extent that any Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, the Debtors intend to take the position that, for income tax purposes, such distribution should first be allocated to the principal amount of the Claim and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest. The IRS, however, can take a contrary position and therefore no assurances can be made in this regard. If, contrary to the Debtors' intended position, such a distribution were treated as being allocated first to accrued but unpaid interest (or if the consideration received by any Holder exceeds the principal amount of the Claim surrendered in exchange therefor), a Holder of such a Claim would realize ordinary income with respect to the distribution in an amount equal to the accrued but unpaid interest not already taken into income under the Holder's method of accounting, regardless of whether the Holder otherwise realizes a loss as a result of the Plan. A Holder of a Claim should also recognize ordinary income on the exchange (but not in excess of the amount of gain recognized, as described below) to the extent a distribution is received in exchange for market discount not previously taken into account under the Holder's method of accounting.

ii. Treatment of Other Claims

The federal income tax consequences to a Holder who holds Claims other than the Priority Claims can be different from the tax consequences described above. Holders of such Claims should consult their tax advisers regarding the potential federal income tax consequences of holding such Claims.

iii. Information Reporting and Backup Withholding

The Debtors can be obligated to furnish information to the IRS regarding the consideration received by Holders pursuant to the Plan. In addition, the Debtors can be required to report annually to the IRS with respect to each Holder, the amount of any tax withheld from payment thereof. Certain Holders (including corporations) generally are not subject to information reporting.

Holders can be subject to backup withholding on the consideration received pursuant to the Plan. Backup withholding can also apply to interest paid or accrued. Certain Holders (including corporations) generally are not subject to backup withholding. A Holder that is not otherwise exempt generally can avoid backup withholding by furnishing to the Debtors its taxpayer identification number and certifying, under penalties of perjury, that the taxpayer identification number provided is correct and that the Holder has not been notified by the IRS that it is subject to backup withholding.

Backup withholding is not an additional tax. Taxpayers can use amounts withheld as a credit against their federal income tax liability or can claim a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

The foregoing discussion of U.S. federal income tax considerations is for general information purposes only and is not tax advice. Each Holder should consult its tax adviser regarding the federal, state, local and foreign tax consequences of the Plan described in this Disclosure Statement. Neither the Debtors nor their professionals will have any liability to any person or holder arising from or related to the federal, state, local and foreign tax consequences of the plan or the foregoing discussion.

VIII. ACCEPTANCE AND CONFIRMATION

In order to confirm the Plan, the Bankruptcy Code requires that the Court make a series of determinations concerning the Plan, including, among other things, that:

- (1) that the Plan has classified Claims in a permissible manner;
- (2) the contents of the Plan comply with the technical requirements of Chapter 11 of the Code;
- (3) the Debtors have proposed the Plan in good faith; and
- (4) the Debtors' disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Chapter 11 cases, as well as the identity, affiliations, and compensation to be paid to all insiders, if any.

The Debtors believe that all of these conditions have been met and will seek rulings of the Court to this effect at the hearing on confirmation of the Plan.

The Code also requires that the Plan be accepted by requisite votes of creditors and holders of interests, that the Plan be feasible, and that confirmation of the Plan be in the "best interests" of all creditors and interest holders. To confirm the Plan, the Court must find that all of these conditions are met. Thus, even if the creditors and interest holders of the Debtors accept the Plan by the requisite votes, the Court must make independent findings respecting the feasibility of the Plan, and whether it is in the best interests of the Debtors' creditors and interest holders before it can confirm the Plan. The "best interests" and feasibility conditions to confirmation are discussed in more detail below.

A. *Best Interests of Creditors and Interest Holders*

The "best interests" test requires that the Court find that the Plan provide to each member of each impaired Class of Claims a recovery which has a present value at least equal to the present value of the distribution which each such person would receive from the Debtors if the Debtors were liquidated under Chapter 7 of the Code. In such a Chapter 7 liquidation, the value realized by creditors would be reduced by the cost of such liquidation, including costs incurred

during the Chapter 11 case and allowed under Chapter 7 of the Bankruptcy Code (such as professional fees and expenses), the trustee’s fees, and the fees and expenses of professionals retained by the trustee. The potential Chapter 7 liquidation distribution must be further reduced by cost imposed by delay caused by conversion to Chapter 7. The net present value of a hypothetical Chapter 7 liquidation distribution is then compared to the recovery provided for creditors in the Plan.

Attached as **Exhibit 2** is the Debtors’ analysis of proceeds to be realized if the Debtors were liquidated. Based on that analysis, it is the Debtors’ opinion that confirmation of the Plan is in the best interests of creditors.

B. Summary of Treatment of Classes of Creditors

The following is a chart summarizing treatment of classes under the Plan:

Class	Amount of Claims	Payment Under the Plan	Payment in Liquidation
Class A1	\$9,415,515.00 + interest payments, fees, costs, and expenses as provided in §IV(D)(i)	\$9,415,515.00 + interest payments, fees, costs, and expenses as provided in §IV(D)(i)	Paid in Full
Class A2	\$92,466.45	\$92,466.45 (value of collateral)	Collateral Surrendered
Class A3	\$96,047.60	\$96,047.60 (value of collateral)	Collateral Surrendered
Class B1	\$12,000 (est.)	\$12,000 (est.)	Nothing
Class B2	\$4,000 (est.)	\$4,000 (est.)	Nothing
Class C1	\$4,800,000 (est.)	\$347,826.09	Nothing
Class C2	\$1,410,000 (est.)	\$102,173.91	Nothing
Class C3	\$1,837,816.26 (est.)	\$10,000 (est.)	Nothing
Class D1	N/A	Nothing	Nothing
Class D2	N/A	Nothing	Nothing
Class D3	N/A	Nothing	Nothing

C. Feasibility

Section 1129(a)(11) of the Code requires a finding that confirmation of a Plan is not likely to be followed by the liquidation of the Reorganized Entities or the need for further financial reorganization.

In evaluating whether the Plan satisfies this feasibility standard, the Debtors have analyzed their ability to operate following confirmation of the Plan. The Reorganized Entities intend to continue operations upon the Plan’s confirmation. Notwithstanding their past difficulties, the Debtors and Reorganized Entities, as appropriate, are confident that they will be able to fulfill all of their obligations under the Plan. Pro forma cash flow statements reflected in

Exhibit 1 to this Disclosure Statement reflect that the Reorganized Entities will be able to generate revenues sufficient to fund all obligations under the Plan.

D. Confirmation

i. General Confirmation Requirements

In order for the Court to confirm the Plan without a cramdown, an affirmative vote must be cast by each Class which is considered “impaired” by each Plan. Section 1126(c) of the Bankruptcy Code provides that a Class of creditors accepts a Plan if the Plan is accepted by creditors holding at least two-thirds in dollar amount and one-half in number of the Allowed Interests of such class held by creditors who have voted to accept or reject the Plan.

ii. The “Cramdown” Alternative

In the event that an impaired Class or Classes reject(s) the Plan, the Debtors can seek confirmation of the Plan pursuant to the “cramdown” provisions of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if it is not accepted by all impaired Classes, as long as at least one impaired Class of Claims has accepted it. Under these circumstances, a bankruptcy court can confirm a plan at the request of a debtor if the plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired Class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting Class is treated equally with respect to other Classes of equal rank. The Debtors believe the Plan does not discriminate unfairly with respect to any Classes of Claims.

In addition, a plan is fair and equitable as to a Class of Claims which rejects a plan if the plan provides (i) for each holder of a Claim included in the rejecting Class to receive or retain on account of that Claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such Claim; or (ii) that the holder of any claim or interest that is junior to the Claims of such Class will not receive or retain on account of such junior Claim or interest any property at all. The Debtors believe that the Plan will meet the “fair and equitable” requirements of Section 1129(b) of the Bankruptcy Code with respect to holders of Claims in all Classes.

IX. RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THIS INFORMATION, HOWEVER, SHOULD NOT BE REGARDED AS IDENTIFYING ALL OF THE POTENTIAL RISKS RELATING THE PLAN AND/OR ITS IMPLEMENTATION.

A. Failure to Satisfy Vote Requirement

If the Debtors obtain the requisite votes to accept the Plan in accordance with the requirements of the Bankruptcy Code, they intend, as promptly as practicable thereafter, to seek confirmation of the Plan. In the event that sufficient votes are not received, the Debtors can be

forced to pursue an alternative plan, or to convert the case to a Chapter 7 liquidation which would very likely lead to little or no recovery for the majority of creditors.

B. Non-Confirmation or Delay of Confirmation of the Plan

In the event that a party in interest objects to the Plan, it is possible that the Court will not confirm it. If this occurs, the Debtors can be forced to pursue an alternative plan, or to convert the case to a Chapter 7 liquidation which would very likely lead to little or no recovery for the majority of creditors.

C. Classification and Treatment of Claims

Section 1122 of the Bankruptcy Code requires that the Plan classify claims against the Debtors. The Bankruptcy Code also provides that the Plan can place a Claim in a particular Class only if such Claim is substantially similar to the other Claims of such Class. The Debtors believe that all Claims have been appropriately classified in the Plan. To the extent that the Court finds that a different classification is required for the Plan to be confirmed, and such reclassification adversely affects the treatment of the Claim of any creditor, the Debtors would be required to resolicit votes for or against the Plan.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim of a particular Class unless the holder of a particular Claim agrees to a less favorable treatment of its Claim. The Debtors believe that it has complied with the requirement of equal treatment. To the extent that the Court finds that the Plan does not satisfy such requirement, the Court could deny confirmation of the Plan.

Issues or disputes relating to classification and/or treatment could result in a delay in the confirmation and consummation of the Plan, and could increase the risk that the Plan will not be consummated.

D. Ongoing Business Operations

Plan payments will be funded primarily from revenues generated by (1) the liquidation of Exchange Street, Inc.; (2) the Reorganized Entities' ongoing operations; (3) the infusion of capital in exchange for new equity as described in Section V(G); and (4) access to the \$2.029 million Capital Managers Facility pursuant to Section V(H). If the Reorganized Entities do not perform as projected, for example if another recession occurs, large and unanticipated costs arise, or if the Reorganized Entities' customer base unexpectedly erodes, the Reorganized Entities may not be able to fulfill their obligations under the Plan. If the Reorganized Entities cannot fulfill their obligations under the Plan, creditors will have the right to seek their respective remedies under the Plan and enforce their rights under various agreements and applicable law.

X. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation and implementation of the Plan offers the best alternative for the highest and fastest recovery for creditors and is preferable to any available alternative. If the Debtors were liquidated, or the case converted to administration under Chapter 7 of the Bankruptcy Code, the Debtors believe that distributions to creditors would be delayed significantly, asset values would not be maximized, claims would increase, and the majority of creditors would likely be paid nothing for their claims. Accordingly, the Debtors request that each holder of a Claim vote to accept the Plan and to evidence such acceptance by completing and returning their ballot so that they will be received no later than 5:00 p.m. Central Standard Time, on January __, 2017 unless such time period is extended by the United States Bankruptcy Court for the District of Minnesota.

Signature Page to the Second Modified Disclosure Statement in Support of the Second Modified Joint Plan of Reorganization and Liquidation of Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc.



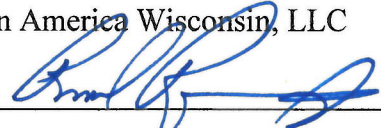
<p>Pawn America Minnesota, LLC</p>  <hr/> <p>By: Bradley K. Rixmann Its: Chief Manager</p>	<p>Exchange Street, Inc.</p>  <hr/> <p>By: Bradley K. Rixmann Its: President & Chief Executive Officer</p>
<p>Pawn America Wisconsin, LLC</p>  <hr/> <p>By: Bradley K. Rixmann Its: Chief Manager</p>	

EXHIBIT 1
[Historic and Future Financials]

1 Pawn America

	Actual	Actual								Projected				Projected
	2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
REVENUE														
Sales - Retail	46,844,938	3,519,400	3,899,002	3,978,345	3,655,850	3,558,093	2,756,266	2,854,173	3,194,233	2,575,615	2,439,304	2,527,133	3,249,149	38,206,564
COGS - Retail	(26,612,844)	(2,201,043)	(2,320,636)	(2,361,828)	(2,287,553)	(2,249,167)	(1,825,447)	(1,770,178)	(1,967,491)	(1,532,719)	(1,452,220)	(1,500,708)	(1,928,287)	(23,397,278)
Repairs	(475,458)	(34,340)	(37,662)	(39,520)	(43,834)	(37,477)	(17,983)	(42,059)	(35,270)	(27,581)	(25,938)	(26,739)	(35,121)	(403,523)
Inventory Adjustment	(1,391,529)	(120,728)	(120,494)	(113,822)	(105,158)	(101,931)	(102,155)	(96,994)	(137,077)	(89,449)	(87,786)	(88,749)	(183,496)	(1,347,841)
APS Fees	(158,675)	(11,288)	(9,228)	(9,206)	(9,474)	(9,390)	(8,104)	(7,192)	(6,682)	(6,453)	(5,895)	(5,875)	(8,461)	(97,247)
Confiscations	(211,727)	(15,995)	(25,654)	(20,388)	(13,063)	(13,232)	(15,984)	(17,768)	(13,284)	(14,038)	(12,994)	(13,127)	(18,131)	(193,656)
Net Retail	17,994,705	1,136,006	1,385,329	1,433,581	1,196,769	1,146,896	786,594	919,982	1,034,429	905,375	854,470	891,935	1,075,652	12,767,018
Net E-Commerce Revenue	(430,860)	(56,048)	(46,895)	(45,117)	(57,906)	(63,163)	(48,953)	(38,739)	(19,041)	(42,013)	(40,783)	(40,783)	(40,783)	(540,224)
Net Jewelry Revenue	(111,976)	(9,624)	(9,549)	(13,618)	(6,723)	(14,679)	(17,375)	(9,012)	356	(251)	394	(551)	(406)	(81,038)
Service Charge Revenue	13,010,581	1,047,963	1,124,371	1,011,102	840,171	913,587	924,313	879,393	942,286	938,167	864,993	821,606	859,419	11,167,373
Warranty Revenue	550,911	42,502	38,446	44,643	42,941	43,186	36,864	34,747	35,126	25,001	25,232	24,361	14,218	407,266
Cash Pass Revenue	55,704	4,163	3,741	3,416	4,260	3,885	3,422	3,330	3,117	2,911	2,839	2,826	1,930	39,839
Net Service Charge Revenue	13,617,196	1,094,628	1,166,558	1,059,161	887,373	960,658	964,599	917,470	980,530	966,079	893,064	848,793	875,566	11,614,478
NET REVENUE	31,069,064	2,164,962	2,495,443	2,434,006	2,019,512	2,029,712	1,684,864	1,789,701	1,996,274	1,829,191	1,707,145	1,699,393	1,910,028	23,760,234
Total GM %	48.5%	46.5%	48.8%	47.9%	44.1%	44.6%	44.9%	47.1%	47.3%	51.2%	50.7%	49.9%	45.9%	47.3%
Total Operating Expenses	30,275,152	2,252,049	2,135,804	2,294,992	2,580,339	2,159,057	2,098,594	1,816,355	2,244,711	1,734,299	1,706,080	1,731,702	2,470,973	25,224,955
Net Operating Income	793,912	(87,087)	359,639	139,014	(560,826)	(129,345)	(413,730)	(26,653)	(248,436)	94,892	1,064	(32,309)	(560,944)	(1,464,721)
Total Non-Operating Costs	1,938,528	190,681	181,817	198,911	203,239	199,343	187,377	182,822	187,864	229,725	188,475	187,725	(475,888)	1,662,091
Net Income	(1,144,616)	(277,768)	177,821	(59,897)	(764,065)	(328,687)	(601,107)	(209,476)	(436,301)	(134,832)	(187,410)	(220,033)	(85,056)	(3,126,812)
Addback Depr and Amort	1,532,411	123,500	123,500	123,500	123,500	123,500	123,500	123,500	123,500	123,500	123,500	123,500	123,500	1,482,000
Addback Loss/(Gain)	(604,133)	0	0	0	0	0	0	0	0	0	0	0	(667,863)	(667,863)
Addback Interest	871,168	66,761	58,317	62,651	76,911	73,443	61,230	56,922	61,964	72,078	62,328	61,578	60,828	775,011
Addback Taxes	10,270	0	0	10,360	0	0	0	0	0	0	0	0	0	10,360
EBITDA	665,100	(87,507)	359,639	136,614	(563,654)	(131,745)	(416,377)	(29,053)	(250,836)	60,745	(1,583)	(34,956)	(568,591)	(1,527,304)

35 Pawn America

	Actual	Actual								Projected				Projected
	2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
Cash and cash equivalents	969,313	1,006,241	1,968,267	1,918,591	2,851,268	1,816,150	2,305,740	2,070,008	2,256,139	2,534,021	2,097,468	2,245,717	2,260,193	2,260,193
Pawn Receivable	9,205,784	9,552,273	8,781,428	8,350,007	8,764,239	9,243,717	8,827,476	8,662,484	8,642,615	8,574,152	8,540,145	8,194,946	7,915,493	7,915,493
Net Inventory	10,932,287	10,394,981	9,872,925	9,173,514	8,326,927	7,772,295	7,087,888	7,281,005	6,660,045	6,051,200	6,244,270	5,988,940	5,672,113	5,672,113
Prepaid Assets	533,257	589,567	571,688	570,110	575,986	550,620	556,784	540,084	541,560	541,560	541,560	541,560	491,560	491,560
TOTAL CURRENT ASSETS	21,640,641	21,543,062	21,194,308	20,012,222	20,518,420	19,382,782	18,777,888	18,553,581	18,100,359	17,700,933	17,423,443	16,971,163	16,339,359	16,339,359
Gross FF&E	20,235,005	20,255,705	20,255,705	20,259,557	20,255,705	20,415,190	20,415,190	20,415,190	20,440,675	20,440,675	20,440,675	20,440,675	20,500,675	20,500,675
Accumulated Depreciation	(10,167,253)	(10,284,753)	(10,402,253)	(10,519,753)	(10,637,253)	(10,754,753)	(10,872,253)	(10,989,753)	(11,107,253)	(11,224,753)	(11,342,253)	(11,459,753)	(11,577,253)	(11,577,253)
TOTAL FIXED ASSETS	10,067,752	9,970,952	9,853,452	9,739,804	9,618,452	9,660,437	9,542,937	9,425,437	9,307,937	9,215,922	9,098,422	8,980,922	8,923,422	8,923,422
Intangibles	241,288	257,289	257,289	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243
Accumulated Amortization	(116,964)	(122,964)	(128,964)	(134,964)	(140,964)	(146,964)	(152,964)	(158,964)	(164,964)	(170,964)	(176,964)	(182,964)	(188,964)	(188,964)
TOTAL OTHER ASSETS	124,324	134,325	128,325	129,279	123,279	117,279	111,279	105,279	99,279	93,279	87,279	81,279	75,279	75,279
TOTAL ASSETS	31,832,717	31,648,339	31,176,085	29,881,305	30,260,151	29,160,498	28,432,104	28,084,297	27,507,575	27,010,134	26,609,144	26,033,364	25,338,060	25,338,060

	Actual	Actual								Projected				Projected
	2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017
Accounts payable	1,004,848	782,623	913,399	262,537	400,000	50,000	157,819	227,230	223,017	157,819	157,819	157,819	232,819	232,819
Workout Accounts Payable	815,000	815,000	458,130	397,363	936,889	859,041	803,733	803,733	803,733	803,733	803,733	1,136,129	1,136,129	1,136,129
Current Portion of LT Debt	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	1,118,379	300,269	300,269
TBK Credit Facility	10,640,647	11,072,598	10,577,594	10,207,444	10,465,515	10,465,515	10,315,515	10,165,515	10,015,515	9,865,515	9,715,515	9,565,515	9,415,515	9,415,515
Exit Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Payroll	431,747	479,289	622,621	694,247	727,951	239,707	300,124	378,397	463,022	280,000	260,000	240,000	240,000	240,000
Sales Tax Payable	225,249	170,212	208,025	196,621	186,707	175,628	58,779	62,806	86,262	160,414	135,835	127,907	129,524	129,524
Accrued Expenses	770,666	778,679	776,548	665,183	864,655	1,047,864	1,074,498	975,314	917,836	917,836	917,836	759,020	909,020	909,020
CURRENT LIABILITIES	15,006,536	15,216,780	14,674,696	13,541,774	14,700,096	13,956,134	13,828,847	13,731,374	13,627,764	13,303,696	13,109,117	12,772,373	12,363,276	12,363,276
Leasing Company	2,535,358	2,430,481	2,334,530	2,245,219	2,229,808	2,202,805	2,202,805	2,161,946	2,125,135	2,086,595	2,067,593	2,048,591	1,697,193	1,697,193
Private Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Western Bank	398,067	391,639	385,178	378,270	378,270	378,270	378,270	378,270	378,270	378,270	378,270	378,270	0	0
Venture Bank	306,463	300,914	295,334	289,593	289,593	289,593	289,593	289,593	289,593	289,593	289,593	289,593	0	0
Current Portion of LT Debt	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(1,118,379)	(300,269)	(300,269)
TOTAL LT LIABILITIES	2,121,509	2,004,655	1,896,663	1,794,703	1,779,292	1,752,289	1,752,289	1,711,430	1,674,619	1,636,079	1,617,077	1,598,075	1,396,924	1,396,924
TOTAL LIABILITIES	17,128,045	17,221,435	16,571,359	15,336,477	16,479,388	15,708,423	15,581,136	15,442,804	15,302,383	14,939,775	14,726,194	14,370,448	13,760,200	13,760,200
(Draws)/PIC	1,275,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings	14,574,289	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672	14,704,672
Net Income	(1,144,616)	(277,768)	(99,946)	(159,844)	(923,909)	(1,252,597)	(1,853,704)	(2,063,179)	(2,499,480)	(2,634,313)	(2,821,723)	(3,041,756)	(3,126,812)	(3,126,812)
TOTAL EQUITY	14,704,673	14,426,904	14,604,726	14,544,828	13,780,763	13,452,075	12,850,968	12,641,493	12,205,192	12,070,359	11,882,949	11,662,916	11,577,860	11,577,860
TOTAL LIABS & EQUITY	31,832,718	31,648,339	31,176,085	29,881,305	30,260,151	29,160,498	28,432,104	28,084,297	27,507,575	27,010,134	26,609,144	26,033,364	25,338,060	25,338,060

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	Actual	Actual								Projected				Projected
	2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
Operating Cash Flow														
(1) Net Income	(1,144,616)	(277,768)	177,821	(59,897)	(764,065)	(328,687)	(601,107)	(209,476)	(436,301)	(134,832)	(187,410)	(220,033)	(85,056)	(3,126,812)
Adjustments from Net Income														
Depreciation	1,460,925	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	1,410,000
Amortization	71,486	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Pawn Receivable	606,265	(346,489)	770,845	431,421	(414,232)	(479,478)	416,241	164,992	19,869	68,463	34,007	345,199	279,453	1,290,291
Change in Inventory	597,074	537,306	522,056	699,411	846,587	554,632	684,407	(193,117)	620,960	608,845	(193,069)	255,330	316,827	5,260,174
Prepaid Assets	220,847	(56,310)	17,879	1,578	(5,876)	25,366	(6,164)	16,700	(1,476)	0	0	0	50,000	41,697
Intangibles	(20,034)	(16,001)	0	(6,954)	0	0	0	0	0	0	0	0	0	(22,955)
Accounts Payable	473,339	(222,225)	130,776	(650,862)	137,463	(350,000)	107,819	69,411	(4,213)	(65,198)	0	0	75,000	(772,029)
Workout Accounts Payable	815,000	0	(356,870)	(60,767)	539,526	(77,848)	(55,308)	0	0	0	0	0	332,396	321,129
Accrued Payroll	(3,551)	47,542	143,332	71,626	33,704	(488,244)	60,417	78,273	84,625	(183,022)	(20,000)	(20,000)	0	(191,747)
Sales Tax Payable	(21,142)	(55,037)	37,813	(11,404)	(9,914)	(11,079)	(116,849)	4,027	23,456	74,152	(24,579)	(7,928)	1,617	(95,725)
Accrued Expenses	(292,685)	8,013	(2,131)	(111,365)	199,472	183,209	26,634	(99,184)	(57,478)	0	0	(158,816)	150,000	138,354
(2) Total Adjustments	3,907,523	20,299	1,387,200	486,184	1,450,230	(519,942)	1,240,697	164,602	809,243	626,740	(80,141)	537,284	1,328,793	7,451,189
(3) Net Operating Cash Flow	2,762,907	(257,469)	1,565,021	426,287	686,165	(848,629)	639,590	(44,874)	372,942	491,908	(267,551)	317,251	1,243,737	4,324,377
Investing Cash Flow														
Net (Cap X)/Disposal of FA	(1,277,655)	(20,700)	0	(3,852)	3,852	(159,485)	0	0	0	(25,485)	0	0	(60,000)	(265,670)
(4) Net Investing Cash Flow	(1,277,655)	(20,700)	0	(3,852)	3,852	(159,485)	0	0	0	(25,485)	0	0	(60,000)	(265,670)
Financing Cash Flow														
Current Maturities of LT Debt	(59,085)	0	0	0	0	0	0	0	0	0	0	0	0	0
Leasing Company	(124,982)	(104,877)	(95,951)	(89,311)	(15,411)	(27,003)	0	(40,859)	(36,811)	(38,540)	(19,002)	(19,002)	(351,398)	(838,165)
Private Notes Payable/Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Western Bank	(75,482)	(6,428)	(6,461)	(6,908)	0	0	0	0	0	0	0	0	(378,270)	(398,067)
Exit Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Venture Bank	(64,899)	(5,549)	(5,580)	(5,741)	0	0	0	0	0	0	0	0	(289,593)	(306,463)
Revolving Line of Credit	(2,143,704)	431,951	(495,004)	(370,150)	258,071	0	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(1,225,132)
Change in Equity	1,275,000	(1)	1	(1)	0	0	0	(0)	0	0	0	0	0	(1)
(5) Net Financing Cash Flow	(1,193,152)	315,096	(602,995)	(472,111)	242,660	(27,003)	(150,000)	(190,859)	(186,811)	(188,540)	(169,002)	(169,002)	(1,169,261)	(2,767,828)
(6) Net Cash Flow (Sum 3-5)	292,100	36,927	962,026	(49,676)	932,677	(1,035,117)	489,590	(235,733)	186,131	277,883	(436,553)	148,249	14,476	1,290,879
(7) Beginning Cash	677,213	969,314	1,006,241	1,968,267	1,918,591	2,851,268	1,816,151	2,305,741	2,070,008	2,256,139	2,534,022	2,097,468	2,245,718	969,314
(8) Ending Cash (6+7)	969,314	1,006,241	1,968,267	1,918,591	2,851,268	1,816,151	2,305,741	2,070,008	2,256,139	2,534,022	2,097,468	2,245,718	2,260,193	2,260,193

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AVAILABILITY ANALYSIS

	Actual	Actual Document Page 41 of 86								Projected				Projected
	2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
Borrowing Base Calculation														
Pawn Loans						8,048,279	7,719,999	7,605,835	7,583,396	7,510,202	7,481,195	7,155,459	6,911,453	
Less: Ineligible Pawn Loans						0	0	0	0	0	0	0	0	
Eligible Pawn Loans						8,048,279	7,719,999	7,605,835	7,583,396	7,510,202	7,481,195	7,155,459	6,911,453	
Advance Rate						70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	
Total Eligible Pawn Loans						5,633,795	5,403,999	5,324,085	5,308,377	5,257,141	5,236,836	5,008,821	4,838,017	
Accrued Pawn Loan Service Charges						1,198,257	1,195,438	1,107,946	1,068,950	1,063,950	1,058,950	1,039,487	1,004,040	
Less: Ineligible Service Charges						0	0	0	0	0	0	0	0	
Eligible Service Charges						1,198,257	1,195,438	1,107,946	1,068,950	1,063,950	1,058,950	1,039,487	1,004,040	
Advance Rate						70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	
Total Eligible Service Charges						838,780	836,807	775,562	748,265	744,765	741,265	727,641	702,828	
Total Pawn and Service Charges after advance Rates														
TBK Loan Post Confirmation														
Excess Availability TBK														
Jewelry Inventory						3,996,598	3,369,149	3,198,592	2,832,400	2,874,821	2,946,648	2,702,131	2,826,675	
Less: Jewelry layaway						-	-	-	-	-	-	-	-	
Less: Other Ineligible Jewelry						225,000	225,000	225,000	214,126	215,000	215,000	215,000	200,000	
Eligible Jewelry Inventory						3,771,598	3,144,149	2,973,592	2,618,274	2,659,821	2,731,648	2,487,131	2,626,675	
Advance Rate						60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
Available Jewelry						2,262,959	1,886,489	1,784,155	1,570,964	1,595,893	1,638,989	1,492,279	1,576,005	
Other Layaway Inventory						291,475	281,209	260,487	306,204	326,056	325,452	324,353	282,022	
Eligible Layaway Inventory						291,475	281,209	260,487	306,204	326,056	325,452	324,353	282,022	
Advance Rate						20%	20%	20%	20%	20%	20%	20%	20%	
Available Layaway Inventory						58,295	56,242	52,097	61,241	65,211	65,090	64,871	56,404	
Other Inventory						4,205,895	3,937,090	4,037,493	3,706,310	3,340,430	3,462,276	3,452,562	3,053,524	
Less: Other layaway														
Less: Other Ineligible Other Inventory						285,003	326,300	269,996	361,487	300,106	300,106	300,106	290,106	
Eligible Inventory						3,920,892	3,610,790	3,767,497	3,344,823	3,040,323	3,162,170	3,152,456	2,763,417	
Advance Rate						50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	
Available Other Inventory						1,960,446	1,805,395	1,883,749	1,672,412	1,520,162	1,581,085	1,576,228	1,381,709	
Total Inventory Availability						4,281,700	3,748,126	3,720,001	3,304,617	3,181,266	3,285,164	3,133,377	3,014,118	
Cash Balance						1,017,541	1,961,219	1,544,585	2,024,155	2,184,021	1,747,468	1,895,717	1,910,193	
Cash Reserve						(775,000)	(775,000)	(775,000)	(775,000)	(775,000)	(775,000)	(775,000)	(775,000)	
Cash Availability						242,541	1,186,219	769,585	1,249,155	1,409,021	972,468	1,120,717	1,135,193	
Total Borrowing Base After Advance Rates						10,996,816	11,175,151	10,589,233	10,610,414	10,592,193	10,235,733	9,990,557	9,690,156	
Lesser of Total or \$11,200,000														
Line of Credit														
Beginning Balance						10,465,515	10,465,515	10,315,515	10,165,515	10,015,515	9,865,515	9,715,515	9,565,515	
Change in Revolver						-	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	
Ending Line of Credit						10,465,515	10,315,515	10,165,515	10,015,515	9,865,515	9,715,515	9,565,515	9,415,515	
Excess/Deficit including Cash Balances						531,301	859,636	423,718	594,899	726,678	520,218	425,042	274,641	

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	Projected	2018											Projected	
	2017	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018
REVENUE														
Sales - Retail	38,206,564	2,447,226	2,842,746	3,056,285	2,816,241	2,444,170	2,242,310	2,604,573	2,965,069	2,395,873	2,287,088	2,370,929	3,130,333	31,602,842
COGS - Retail	(23,397,278)	(1,453,205)	(1,680,485)	(1,823,617)	(1,673,859)	(1,451,565)	(1,326,093)	(1,553,276)	(1,763,753)	(1,423,240)	(1,357,416)	(1,404,233)	(1,855,598)	(18,766,339)
Repairs	(403,523)	(26,416)	(30,454)	(32,841)	(29,774)	(25,796)	(23,789)	(27,183)	(31,508)	(25,211)	(24,193)	(25,206)	(33,123)	(335,493)
Inventory Adjustment	(1,347,841)	(73,247)	(84,580)	(90,428)	(84,224)	(74,348)	(66,402)	(79,463)	(87,558)	(71,861)	(68,425)	(70,060)	(190,415)	(1,041,012)
APS Fees	(97,247)	(5,641)	(6,527)	(7,813)	(7,040)	(6,430)	(5,842)	(6,350)	(7,404)	(5,620)	(5,265)	(5,341)	(7,517)	(76,789)
Confiscations	(193,656)	(12,450)	(14,582)	(15,922)	(14,327)	(12,872)	(11,304)	(14,111)	(14,986)	(12,238)	(11,448)	(11,677)	(16,279)	(162,197)
Net Retail	12,767,018	876,268	1,026,119	1,085,663	1,007,016	873,159	808,881	924,189	1,059,861	857,703	820,342	854,412	1,027,400	11,221,013
Net E-Commerce Revenue	(540,224)	(40,671)	(40,590)	(40,741)	(40,856)	(40,543)	(40,786)	(40,868)	(39,405)	(41,972)	(40,738)	(40,738)	(40,738)	(488,645)
Net Jewelry Revenue	(81,038)	1,577	(473)	(1,782)	2,705	(1,620)	(5,688)	(6,353)	(2,768)	(1,276)	(624)	(1,581)	(1,434)	(19,319)
Service Charge Revenue	11,167,373	855,622	923,385	855,539	678,454	755,804	857,389	818,198	885,442	883,467	813,046	769,806	799,218	9,895,370
Warranty Revenue	407,266	27,599	25,135	30,023	28,726	18,248	16,426	15,625	14,607	13,465	13,595	12,893	8,261	224,603
Cash Pass Revenue	39,839	2,719	2,455	2,308	2,496	2,203	1,988	1,978	2,223	2,046	2,006	1,993	1,396	25,811
Net Service Charge Revenue	11,614,478	885,940	950,975	887,869	709,676	776,255	875,803	835,800	902,272	898,979	828,648	784,691	808,875	10,145,784
NET REVENUE	23,760,234	1,723,114	1,936,029	1,931,010	1,678,541	1,607,251	1,638,210	1,712,769	1,919,959	1,713,433	1,607,628	1,596,784	1,794,104	20,858,832
Total GM %	47.3%	51.2%	50.6%	48.6%	47.1%	49.4%	52.1%	49.4%	49.1%	51.5%	51.1%	50.1%	45.2%	49.5%
Total Operating Expenses	25,224,955	1,615,563	1,590,289	1,614,454	1,526,754	1,543,266	1,532,370	1,564,674	1,555,457	1,568,339	1,541,140	1,569,158	1,692,557	18,914,020
Net Operating Income	(1,464,721)	107,551	345,740	316,556	151,787	63,985	105,840	148,095	364,502	145,094	66,488	27,626	101,547	1,944,812
Total Non-Operating Costs	1,662,091	159,714	152,369	156,843	144,792	147,178	151,964	153,579	152,662	152,994	152,645	152,529	150,895	1,828,164
Net Income	(3,126,812)	(52,163)	193,371	159,713	6,995	(83,193)	(46,124)	(5,485)	211,840	(7,899)	(86,157)	(124,903)	(49,348)	116,648
Addback Depr and Amort	1,482,000	97,667	97,667	97,667	97,667	97,667	97,667	97,667	97,667	97,667	97,667	97,667	97,667	1,172,000
Addback Loss/(Gain)	(667,863)	0	0	0	0	0	0	0	0	0	0	0	0	0
Addback Interest	775,011	60,048	52,703	47,406	45,125	47,511	52,297	53,913	52,995	53,327	52,978	52,863	51,229	622,394
Addback Taxes	10,360	0	0	9,770	0	0	0	0	0	0	0	0	0	9,770
EBITDA	(1,527,304)	105,551	343,740	314,556	149,787	61,985	103,840	146,095	362,502	143,094	64,488	25,626	99,547	1,920,812

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	Projected	Projected												Projected
	2017	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018
Cash and cash equivalents	2,260,193	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Pawn Receivable	7,915,493	8,474,819	7,690,101	7,479,970	7,966,168	8,762,785	8,938,041	8,709,264	8,731,169	8,658,487	8,625,266	8,252,209	7,972,756	7,972,756
Net Inventory	5,672,113	5,478,269	5,426,646	5,327,343	5,415,558	5,561,690	5,711,186	5,806,361	6,159,183	6,255,673	6,241,690	6,240,598	5,849,932	5,849,932
Prepaid Assets	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560	491,560
TOTAL CURRENT ASSETS	16,339,359	14,944,648	14,108,307	13,798,873	14,373,286	15,316,035	15,640,786	15,507,184	15,881,913	15,905,719	15,858,516	15,484,367	14,814,248	14,814,248
Gross FF&E	20,500,675	20,640,190	20,665,190	20,690,190	20,690,190	20,690,190	20,715,190	20,740,190	20,740,190	20,740,190	20,740,190	20,740,190	20,740,190	20,740,190
Accumulated Depreciation	(11,577,253)	(11,668,920)	(11,760,586)	(11,852,253)	(11,943,920)	(12,035,586)	(12,127,253)	(12,218,920)	(12,310,586)	(12,402,253)	(12,493,920)	(12,585,586)	(12,677,253)	(12,677,253)
TOTAL FIXED ASSETS	8,923,422	8,971,270	8,904,604	8,837,937	8,746,270	8,654,604	8,587,937	8,521,270	8,429,604	8,337,937	8,246,270	8,154,604	8,062,937	8,062,937
Intangibles	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243	264,243
Accumulated Amortization	(188,964)	(194,964)	(200,964)	(206,964)	(212,964)	(218,964)	(224,964)	(230,964)	(236,964)	(242,964)	(248,964)	(254,964)	(260,964)	(260,964)
TOTAL OTHER ASSETS	75,279	69,279	63,279	57,279	51,279	45,279	39,279	33,279	27,279	21,279	15,279	9,279	3,279	3,279
TOTAL ASSETS	25,338,060	23,985,197	23,076,189	22,694,089	23,170,836	24,015,918	24,268,002	24,061,734	24,338,795	24,264,935	24,120,065	23,648,250	22,880,464	22,880,464

	Projected	Projected												Projected
	2017	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018
Accounts payable	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819	232,819
Workout Accounts Payable	1,136,129	1,076,129	1,076,129	986,129	986,129	986,129	986,129	986,129	986,129	986,129	986,129	986,129	986,129	986,129
Current Portion of LT Debt	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269	300,269
TBK Credit Facility	9,415,515	5,932,373	5,383,071	5,235,979	5,576,318	6,133,949	6,256,628	6,096,485	6,111,819	6,060,941	6,037,686	5,776,547	5,580,929	5,580,929
Exit Financing	0	2,020,135	1,516,115	1,213,048	1,355,943	1,761,481	1,967,909	1,950,572	2,007,566	1,994,714	2,000,837	1,941,177	1,436,240	1,436,240
Accrued Payroll	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Sales Tax Payable	129,524	157,984	127,990	145,428	151,067	135,324	123,607	119,516	131,652	148,693	126,414	119,632	121,111	121,111
Accrued Expenses	909,020	421,899	421,899	421,899	421,899	421,899	421,899	421,899	421,899	421,899	421,899	421,899	421,899	421,899
CURRENT LIABILITIES	12,363,276	10,381,608	9,298,291	8,775,570	9,264,443	10,211,870	10,529,261	10,347,689	10,432,152	10,385,463	10,346,052	10,018,472	9,319,396	9,319,396
Leasing Company	1,697,193	1,678,161	1,659,099	1,640,007	1,620,885	1,601,733	1,582,551	1,563,339	1,544,097	1,524,825	1,505,523	1,486,191	1,466,829	1,466,829
Private Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Western Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Venture Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Portion of LT Debt	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)	(300,269)
TOTAL LT LIABILITIES	1,396,924	1,377,892	1,358,830	1,339,738	1,320,616	1,301,464	1,282,282	1,263,070	1,243,828	1,224,556	1,205,254	1,185,922	1,166,560	1,166,560
TOTAL LIABILITIES	13,760,200	11,759,500	10,657,121	10,115,308	10,585,059	11,513,334	11,811,543	11,610,759	11,675,980	11,610,019	11,551,306	11,204,394	10,485,956	10,485,956
(Draws)/PIC	0	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000
Retained Earnings	14,704,672	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860	11,577,860
Net Income	(3,126,812)	(52,163)	141,208	300,921	307,916	224,724	178,600	173,115	384,956	377,056	290,899	165,996	116,648	116,648
TOTAL EQUITY	11,577,860	12,225,697	12,419,068	12,578,781	12,585,776	12,502,583	12,456,460	12,450,975	12,662,815	12,654,916	12,568,759	12,443,856	12,394,508	12,394,508
TOTAL LIABS & EQUITY	25,338,060	23,985,197	23,076,189	22,694,089	23,170,836	24,015,918	24,268,002	24,061,734	24,338,795	24,264,935	24,120,065	23,648,250	22,880,464	22,880,464

	Projected													Projected
	2017	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Operating Cash Flow														
(1) Net Income	(3,126,812)	(52,163)	193,371	159,713	6,995	(83,193)	(46,124)	(5,485)	211,840	(7,899)	(86,157)	(124,903)	(49,348)	116,648
Adjustments from Net Income														
Depreciation	1,410,000	91,667	91,667	91,667	91,667	91,667	91,667	91,667	91,667	91,667	91,667	91,667	91,667	1,100,000
Amortization	72,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Pawn Receivable	1,290,291	(559,326)	784,718	210,131	(486,198)	(796,617)	(175,256)	228,777	(21,906)	72,683	33,221	373,056	279,453	(57,264)
Change in Inventory	5,260,174	193,844	51,623	99,303	(88,215)	(146,132)	(149,496)	(95,175)	(352,823)	(96,489)	13,982	1,093	390,666	(177,819)
Prepaid Assets	41,697	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangibles	(22,955)	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	(772,029)	0	0	0	0	0	0	0	0	0	0	0	0	0
Workout Accounts Payable	321,129	(60,000)	0	(90,000)	0	0	0	0	0	0	0	0	0	(150,000)
Accrued Payroll	(191,747)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax Payable	(95,725)	28,460	(29,994)	17,438	5,640	(15,743)	(11,717)	(4,091)	12,136	17,041	(22,279)	(6,782)	1,479	(8,413)
Accrued Expenses	138,354	(487,121)	0	0	0	0	0	0	0	0	0	0	0	(487,121)
(2) Total Adjustments	7,451,189	(786,477)	904,014	334,538	(471,107)	(860,825)	(238,802)	227,178	(264,926)	90,901	122,590	465,034	769,265	291,384
(3) Net Operating Cash Flow	4,324,377	(838,639)	1,097,385	494,251	(464,112)	(944,018)	(284,925)	221,693	(53,085)	83,002	36,433	340,131	719,917	408,032
Investing Cash Flow														
Net (Cap X)/Disposal of FA	(265,670)	(139,515)	(25,000)	(25,000)	(0)	(0)	(25,000)	(25,000)	(0)	(0)	(0)	(0)	(0)	(239,515)
(4) Net Investing Cash Flow	(265,670)	(139,515)	(25,000)	(25,000)	(0)	(0)	(25,000)	(25,000)	(0)	(0)	(0)	(0)	(0)	(239,515)
Financing Cash Flow														
Current Maturities of LT Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leasing Company	(838,165)	(19,032)	(19,062)	(19,092)	(19,122)	(19,152)	(19,182)	(19,212)	(19,242)	(19,272)	(19,302)	(19,332)	(19,362)	(230,364)
Private Notes Payable/Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Western Bank	(398,067)	0	0	0	0	0	0	0	0	0	0	0	0	0
Exit Financing	0	2,020,135	(504,021)	(303,067)	142,895	405,538	206,428	(17,337)	56,993	(12,852)	6,123	(59,660)	(504,938)	1,436,240
Venture Bank	(306,463)	0	0	0	0	0	0	0	0	0	0	0	0	0
Revolving Line of Credit	(1,225,132)	(3,483,142)	(549,302)	(147,092)	340,339	557,632	122,679	(160,144)	15,334	(50,878)	(23,255)	(261,139)	(195,617)	(3,834,586)
Change in Equity	(1)	700,000	(0)	0	(0)	(0)	0	0	(0)	(0)	0	0	0	700,000
(5) Net Financing Cash Flow	(2,767,828)	(782,039)	(1,072,385)	(469,251)	464,112	944,018	309,925	(196,693)	53,085	(83,002)	(36,433)	(340,131)	(719,917)	(1,928,710)
(6) Net Cash Flow (Sum 3-5)	1,290,879	(1,760,193)	0	0	(0)	0	(0)	0	(0)	0	(0)	0	0	(1,760,193)
(7) Beginning Cash	969,314	2,260,193	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	2,260,193
(8) Ending Cash (6+7)	2,260,193	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

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Projected	2017	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
Borrowing Base Calculation														
Pawn Loans		7,399,831	6,714,651	6,531,174	6,955,700	7,651,270	7,804,296	7,604,538	7,623,665	7,560,202	7,531,195	7,205,459	6,961,453	
Less: Ineligible Pawn Loans		0	0	0	0	0	0	0	0	0	0	0	0	
Eligible Pawn Loans		7,399,831	6,714,651	6,531,174	6,955,700	7,651,270	7,804,296	7,604,538	7,623,665	7,560,202	7,531,195	7,205,459	6,961,453	
Advance Rate		70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	
Total Eligible Pawn Loans		5,179,882	4,700,256	4,571,822	4,868,990	5,355,889	5,463,007	5,323,177	5,336,566	5,292,141	5,271,836	5,043,821	4,873,017	
Accrued Pawn Loan Service Charges		1,074,988	975,450	948,796	1,010,468	1,111,515	1,133,745	1,104,726	1,107,504	1,098,285	1,094,071	1,046,751	1,011,304	
Less: Ineligible Service Charges		0	0	0	0	0	0	0	0	0	0	0	0	
Eligible Service Charges		1,074,988	975,450	948,796	1,010,468	1,111,515	1,133,745	1,104,726	1,107,504	1,098,285	1,094,071	1,046,751	1,011,304	
Advance Rate		70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	
Total Eligible Service Charges		752,491	682,815	664,157	707,327	778,060	793,621	773,308	775,253	768,799	765,850	732,726	707,912	
Pawn and Service Charges after Advance		5,932,373	5,383,071	5,235,979	5,576,318	6,133,949	6,256,628	6,096,485	6,111,819	6,060,941	6,037,686	5,776,547	5,580,929	
TBK Loan Post Confirmation		5,932,373	5,383,071	5,235,979	5,576,318	6,133,949	6,256,628	6,096,485	6,111,819	6,060,941	6,037,686	5,776,547	5,580,929	
Excess Availability		0	0	0	0	0	0	0	0	0	0	0	0	
Jewelry Inventory		2,886,341	2,893,714	2,904,802	2,933,081	3,025,429	3,092,405	3,117,668	3,244,393	3,265,328	3,322,867	3,260,620	3,028,248	
Less: Other Ineligible Jewelry		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Eligible Jewelry Inventory		2,686,341	2,693,714	2,704,802	2,733,081	2,825,429	2,892,405	2,917,668	3,044,393	3,065,328	3,122,867	3,060,620	2,828,248	
Advance Rate		50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	
Available Jewelry		1,343,171	1,346,857	1,352,401	1,366,540	1,412,714	1,446,203	1,458,834	1,522,196	1,532,664	1,561,434	1,530,310	1,414,124	
Layaway Inventory		291,140	269,978	262,647	297,383	241,619	235,526	253,251	333,308	358,250	361,169	363,561	319,748	
Advance Rate		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	
Available Layaway Inventory		58,228	53,996	52,529	59,477	48,324	47,105	50,650	66,662	71,650	72,234	72,712	63,950	
Other Inventory		2,790,894	2,753,060	2,650,000	2,675,201	2,784,748	2,873,361	2,925,549	3,071,590	3,122,201	3,047,760	3,106,523	2,992,042	
Less: Other Ineligible Other Inventory		290,106	290,106	290,106	290,106	290,106	290,106	290,106	290,106	290,106	290,106	290,106	290,106	
Eligible Inventory		2,500,788	2,462,954	2,359,894	2,385,094	2,494,642	2,583,255	2,635,442	2,781,483	2,832,095	2,757,654	2,816,417	2,701,936	
Advance Rate		40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Available Other Inventory		1,000,315	985,181	943,957	954,038	997,857	1,033,302	1,054,177	1,112,593	1,132,838	1,103,062	1,126,567	1,080,774	
Total Inventory Availability		2,401,714	2,386,034	2,348,888	2,380,055	2,458,895	2,526,610	2,563,661	2,701,451	2,737,152	2,736,729	2,729,589	2,558,848	
Total Exit Financing (Wayne)		2,020,135	1,516,115	1,213,048	1,355,943	1,761,481	1,967,909	1,950,572	2,007,566	1,994,714	2,000,837	1,941,177	1,436,240	
Excess Availability Exit Financing		381,578	869,919	1,135,840	1,024,112	697,414	558,700	613,089	693,886	742,438	735,892	788,412	1,122,608	

1 Pawn America

INCOME STATEMENT

	Projected	Projected	Projected	Projected
	2019	2020	2021	2022
REVENUE				
Sales - Retail	31,602,842	32,076,885	32,558,038	33,046,409
COGS - Retail				
Repairs				
Inventory Adjustment				
APS Fees				
Confiscations				
Net Retail	11,379,027	11,645,943	11,820,632	11,997,942
Net E-Commerce Revenue	(488,645)	(488,645)	(488,645)	(488,645)
Net Jewelry Revenue	681	20,681	0	0
Service Charge Revenue				
Warranty Revenue				
Cash Pass Revenue				
Net Service Charge Revenue	10,247,242	10,349,714	10,453,211	10,557,743
NET REVENUE	21,138,305	21,527,693	21,785,198	22,067,040
Total GM %	50.0%	50.3%	50.2%	50.2%
Total Operating Expenses	19,233,161	19,425,492	19,619,747	19,815,945
Net Operating Income	1,905,144	2,102,201	2,165,451	2,251,095
Total Non-Operating Costs	1,622,043	1,652,212	1,588,717	1,525,276
Net Income	283,101	449,989	576,734	725,819
Addback Depr and Amort	1,003,279	950,000	900,000	850,000
Addback Loss/(Gain)	0	0	0	0
Addback Interest	579,994	658,442	639,947	621,506
Addback Taxes	9,770	9,770	9,770	9,770
EBITDA	1,876,144	2,068,201	2,126,451	2,207,095

EXHIBIT 2
[Liquidation Analysis]

LIQUIDATION ANALYSIS- SUMMARY

Assumes Wind Down Begins 1/1/18 & Concludes by 4/30/18

Self-Liquidation (No GOB Equity/Cash Bid)

	Consolidated		
	Estimated		
	Book Values- 10/31/17	Recovery (% of Est. Value)	Est. Recovery
<u>Asset Sales/Recoveries:</u>			
<u>Assets</u>			
Cash - Per Balance Sheet 10/31/17	2,613,889		
Pawn Loans Receivable- Per Balance Sheet 10/31/17	7,173,256	70.0%	5,021,279
Pawn Loan Inventory (collateral from defaults)		2,151,977 @ 60%	1,291,186
Accrued Pawn Service Charges- Per Balance Sheet 10/31/17	1,060,012	70.0%	742,008
Jewelry Inventory, Gross- Per Balance Sheet 10/31/17	2,757,362	90.0%	2,481,625
Layaway Inventory, Per Balance Sheet 10/31/17	289,491	70.0%	202,644
Other Inventory, Gross - Per Balance Sheet 10/31/17	3,282,182	70.0%	2,297,528
Net FF&E - 10/31/17	9,084,392	3.0%	272,532
Prepaid Assets - Per Balance Sheet 10/31/17	520,079	0.0%	-
Other Assets (Intangibles) - Per Balance Sheet 10/31/17	87,279	0.0%	-
Total Assets to Liquidate	26,867,942		12,308,802
		Estimated Cash-per Weekly Forecast on 1/1/18	2,012,707
Gross Estimated Liquidation Value			14,321,509
<u>Wind Down Expenses:</u>			
Payroll/Payroll Taxes/Benefits			2,050,557
Rent			656,749
Other Wind Down Expenses			1,928,585
Total Expenses			4,635,890
Recovery on Assets Net of Collections and Expenses			9,685,618

Estimated Claims

Senior Secured Claims

Estimated TBK LOC and interest - Projected as of 12/31/17	9,465,515
Lease Finance Group	Surrender
Klein Bank	Surrender
Total Senior Secured	<u>9,465,515</u>
Surplus/(Deficiency) after Senior Secured Debt	220,103

Administrative Claims (Paid After Senior Secured in conversion to Ch 7)

April Rent (estimated post-petition portion)	49,337
Estimated Post-petition AP/Accrued Expenses	150,000
Professional/UST Fees	427,300
Other Admin Claims (RFP-related rent) per Plan	<u>223,794</u>
Total	850,431
Surplus/(Deficiency) after Admin Claims Paid	(630,328)

General Unsecured Claims

Accounts Payable and Accrued Expenses 11/28/17	668,599
Western Bank- est. as of 10/31/17	378,270
Est. Remaining Real Property Lease Obligations	6,378,492
KLC Lease Obligation	142,690
Est. Remaining Equipment Lease Obligations	<u>1,885,320</u>
Total Unsecured Claims	9,453,371
Surplus/(Deficiency) after Unsecured Claims	(10,083,699)

Assumes Wind Down Begins 1/1/18 & Concludes by 4/30/18
 Self-Liquidation (No GOB Equity/Cash Bid)

Minnesota			
Estimated			
Book Values-	Recovery (% of		
10/31/17	Est. Value)	Est. Recovery	
<u>Asset Sales/Recoveries:</u>			
<u>Assets</u>			
Cash - Per Balance Sheet 10/31/17	2,263,281		
Pawn Loans Receivable- Per Balance Sheet 10/31/17	5,261,322	70.0%	3,682,925
Pawn Loan Inventory (collateral from defaults)		1,578,397 @ 60%	947,038
Accrued Pawn Service Charges- Per Balance Sheet 10/31/17	841,858	70.0%	589,301
Jewelry Inventory, Gross- Per Balance Sheet 10/31/17	2,274,234	90.0%	2,046,811
Layaway Inventory, Per Balance Sheet 10/31/17	210,226	70.0%	147,158
Other Inventory, Gross - Per Balance Sheet 10/31/17	2,236,348	70.0%	1,565,443
Net FF&E - 10/31/17	6,056,261	3.0%	181,688
Prepaid Assets - Per Balance Sheet 10/31/17	465,550	0.0%	-
Other Assets (Intangibles) - Per Balance Sheet 10/31/17	87,279	0.0%	-
Total Assets to Liquidate	19,696,359		9,160,364
		Estimated Cash-per Weekly Forecast on 1/1/18	1,742,737
Gross Estimated Liquidation Value			10,903,101
<u>Wind Down Expenses:</u>			
Payroll/Payroll Taxes/Benefits			1,447,452
Rent			538,199
Other Wind Down Expenses			1,286,742
Total Expenses			3,272,393
Recovery on Assets Net of Collections and Expenses			7,630,708

Estimated Claims

<u>Senior Secured Claims</u>	Case 17-31145 Doc 281 Filed 12/14/17 Entered 12/14/17 11:56:51 Desc Main Document Page 51 of 86	
TBK LOC and Interest - Projected 12/31/17		6,938,983
Lease Finance Group		Surrender
Klein Bank		<u>Surrender</u>
Total Senior Secured		6,938,983
Surplus/(Deficiency) after Senior Secured Debt		691,725

Administrative Claims (Paid After Senior Secured in conversion to Ch 7)

April Rent (estimated post-petition portion)		29,771
Estimated Post-petition AP/Accrued Expenses		100,000
Professional/UST Fees		301,624
Other Admin Claims (RFP-related rent) per Plan		<u>223,794</u>
Total		655,189
Surplus/(Deficiency) after Admin Claims Paid		36,536

General Unsecured Claims

Accounts Payable and Accrued Expenses 11/28/17		585,034
Western Bank- est. as of 10/31/17		378,270
Est. Remaining Real Property Lease Obligations		4,837,765
KLC Lease Obligation		142,690
Est. Remaining Equipment Lease Obligations		<u>1,885,320</u>
Total Unsecured Claims		7,829,079
Surplus/(Deficiency) after Unsecured Claims		(7,792,542)

Assumes Wind Down Begins 1/1/18 & Concludes by 4/30/18
Self-Liquidation (No GOB Equity/Cash Bid)

Wisconsin			
Estimated			
Book Values-	Recovery (% of		
10/31/17	Est. Value)	Est. Recovery	
<u>Asset Sales/Recoveries:</u>			
<u>Assets</u>			
Cash - Per Balance Sheet 10/31/17	387,471		
Pawn Loans Receivable- Per Balance Sheet 10/31/17	1,911,934	70.0%	1,338,354
Pawn Loan Inventory (collateral from defaults)		573,580 @ 60%	344,148
Accrued Pawn Service Charges- Per Balance Sheet 10/31/17	218,154	70.0%	152,708
Jewelry Inventory, Gross- Per Balance Sheet 10/31/17	450,013	90.0%	405,012
Layaway Inventory, Per Balance Sheet 10/31/17	75,853	70.0%	53,097
Other Inventory, Gross - Per Balance Sheet 10/31/17	995,731	70.0%	697,011
Net FF&E - 10/31/17	2,523,442	3.0%	75,703
Prepaid Assets - Per Balance Sheet 10/31/17	54,107	0.0%	-
Other Assets (Intangibles) - Per Balance Sheet 10/31/17	-	0.0%	-
Total Assets to Liquidate	6,616,705		3,066,033
		Estimated Cash-per Weekly Forecast on 1/1/18	298,354
Gross Estimated Liquidation Value			3,364,388
<u>Wind Down Expenses:</u>			
Payroll/Payroll Taxes/Benefits			603,105
Rent			118,550
Other Wind Down Expenses			641,842
Total Expenses			1,363,497
Recovery on Assets Net of Collections and Expenses			2,000,891

Estimated Claims

<u>Senior Secured Claims</u>	Case 17-31145 Doc 281 Filed 12/14/17 Entered 12/14/17 11:56:51 Desc Main Document Page 53 of 86	
TBK LOC and principal - Projected 12/31/17		2,331,050
Lease Finance Group		Surrender
Klein Bank		<u>Surrender</u>
Total Senior Secured		2,331,050
Surplus/(Deficiency) after Senior Secured Debt		(330,160)

Administrative Claims (Paid After Senior Secured in conversion to Ch 7)

April Rent (estimated post-petition portion)		13,376
Estimated Post-petition AP/Accrued Expenses		41,667
Professional/UST Fees		125,676
Other Admin Claims (RFP-related rent) per Plan		-
Total		<u>180,720</u>
Surplus/(Deficiency) after Admin Claims Paid		(510,879)

General Unsecured Claims

Accounts Payable and Accrued Expenses 11/28/17		83,565
Western Bank- est. as of 10/31/17		-
Est. Remaining Real Property Lease Obligations		1,248,293
KLC :Lease Obligation		-
Est. Remaining Equipment Lease Obligations		-
Total Unsecured Claims		<u>1,331,858</u>
Surplus/(Deficiency) after Unsecured Claims		(1,842,737)

Assumes Wind Down Begins 1/1/18 & Concludes by 4/30/18
 Self-Liquidation (No GOB Equity/Cash Bid)

	Exchange		
	Estimated		
	Book Values- 10/31/17	Recovery (% of Est. Value)	Est. Recovery
<u>Asset Sales/Recoveries:</u>			
<u>Assets</u>			
Cash - Per Balance Sheet 10/31/17	(36,863)		
Pawn Loans Receivable- Per Balance Sheet 10/31/17	-	70.0%	-
Pawn Loan Inventory (collateral from defaults)	-	\$0 at 60%	-
Accrued Pawn Service Charges- Per Balance Sheet 10/31/17	-	70.0%	-
Jewelry Inventory, Gross- Per Balance Sheet 10/31/17	33,115	90.0%	29,803
Layaway Inventory, Per Balance Sheet 10/31/17	3,412	70.0%	2,388
Other Inventory, Gross - Per Balance Sheet 10/31/17	50,104	70.0%	35,073
Net FF&E - 10/31/17	504,688	3.0%	15,141
Prepaid Assets - Per Balance Sheet 10/31/17	422	0.0%	-
Other Assets (Intangibles) - Per Balance Sheet 10/31/17	-	0.0%	-
Total Assets to Liquidate	554,878		82,405

Estimated Cash-per Weekly Forecast on 1/1/18 (28,385)

Gross Estimated Liquidation Value 54,020

Wind Down Expenses:

Payroll/Payroll Taxes/Benefits	-
Rent	-
Other Wind Down Expenses	-
Total Expenses	-

Recovery on Assets Net of Collections and Expenses 54,020

Estimated Claims

TBK LOC and Principal - Projected 12/31/17	195,482
Lease Finance Group	Surrender
Klein Bank	<u>Surrender</u>
Total Senior Secured	195,482
Surplus/(Deficiency) after Senior Secured Debt	(141,462)

Administrative Claims (Paid After Senior Secured in conversion to Ch 7)

April Rent (estimated post-petition portion)	6,190
Estimated Post-petition AP/Accrued Expenses	8,333
Professional/UST Fees	-
Other Admin Claims (RFP-related rent) per Plan	-
Total	<u>14,523</u>
Surplus/(Deficiency) after Admin Claims Paid	(155,985)

General Unsecured Claims

Accounts Payable and Accrued Expenses 11/28/17	-
Western Bank- est. as of 10/31/17	-
Est. Remaining Real Property Lease Obligations	292,435
KLC :Lease Obligation	-
Est. Remaining Equipment Lease Obligations	-
Total Unsecured Claims	<u>292,435</u>
Surplus/(Deficiency) after Unsecured Claims	(448,420)

EXHIBIT 3
[Summary of Assets]

Pawn America
Summary of Assets
10/31/2017

	Consolidated	Exchange	Wisconsin	Minnesota
Cash	\$2,613,889	(\$36,863)	\$387,471	\$2,263,281
Pawn Receivable	\$7,173,256	\$0	\$1,911,934	\$5,261,322
Service Charge Receivable	\$1,060,012	\$0	\$218,154	\$841,858
Net Inventory	\$6,329,035	\$86,631	\$1,521,597	\$4,720,807
Prepaid Expenses	\$520,079	\$422	\$54,107	\$465,550
Net Property Plant and Equipment	\$9,084,392	\$504,688	\$2,523,442	\$6,056,261
Other Assets	\$87,279	\$0	\$0	\$87,279
Total Assets	\$26,867,942	\$554,878	\$6,616,705	\$19,696,359

EXHIBIT 4
[Equity Ownership Chart]

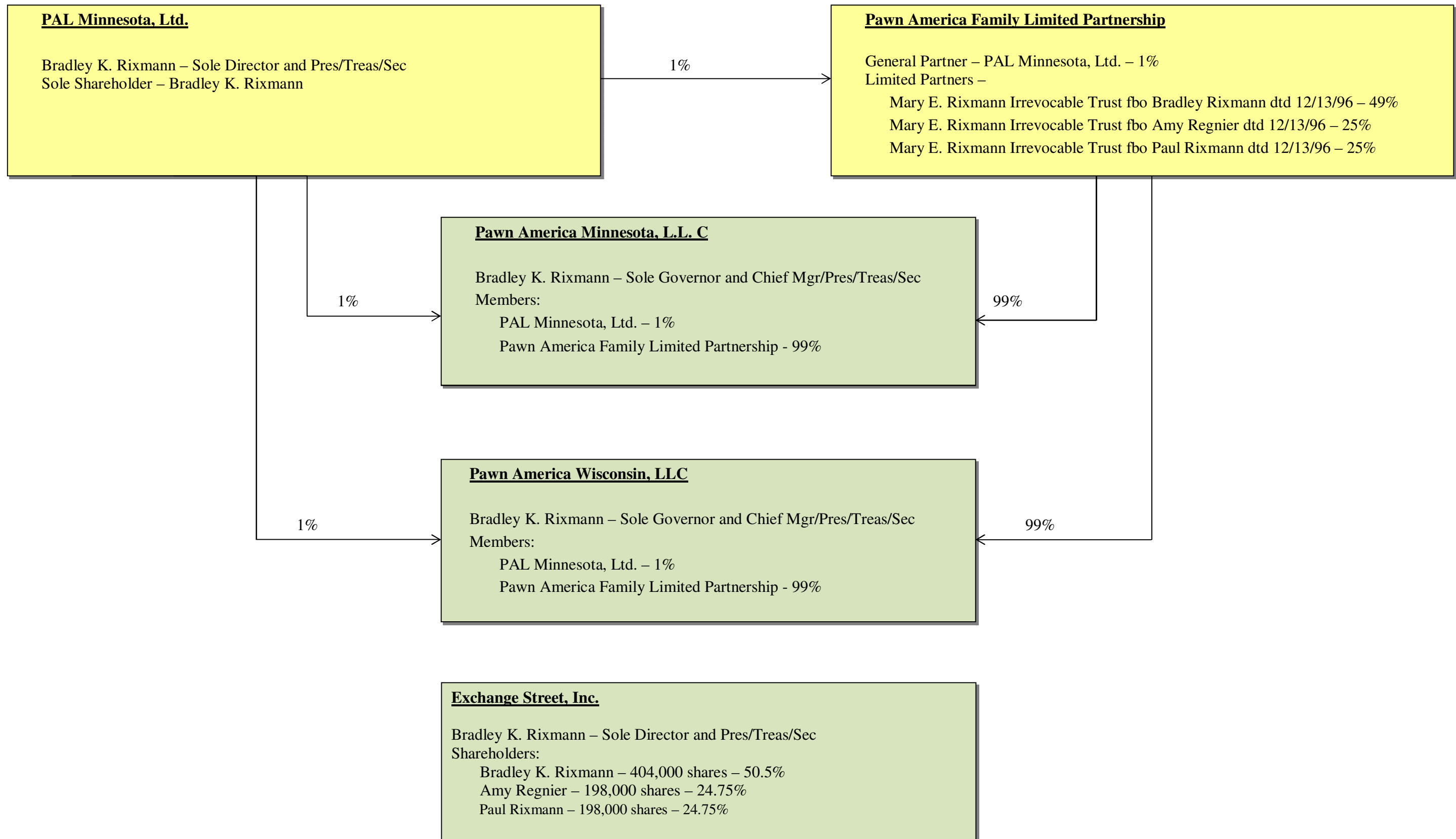


EXHIBIT 5
[Insider Leases and Personal Property Lease to be Assumed Under the Plan]

INSIDER LEASES TO BE ASSUMED WITH REDUCED CURE PAYMENTS			
LOCATION	DEBTOR	LANDLORD	CURE AMOUNT
Burnsville, MN	Pawn America Minnesota	Rixmann-McAndrews Center, LLC	\$59,552.11
Bloomington, MN	Pawn America Minnesota	RFP, LLC	\$21,202.36
Anoka, MN	Pawn America Minnesota	RFP, LLC	\$26,078.16
Duluth, MN	Pawn America Minnesota	RFP, LLC	\$16,925.77
Coon Rapids, MN	Pawn America Minnesota	Rixmann Amcon, LLC	\$50,966.10
Corporate – Burnsville, MN	Pawn America Minnesota	Rixmann Amcon, LLC	\$9,275.52
TOTAL			\$184,000.00

EXECUTORY CONTRACTS TO BE ASSUMED ON MODIFIED TERMS					
LOCATION	DEBTOR	LESSOR	CURE AMOUNT	PREVIOUS MONTHLY PAYMENT	NEW MONTHLY PAYMENT
Madison, WI	Pawn America Wisconsin	MIDCOUNTRY EQUIPMENT FINANCE	\$0	\$42,853.05	\$32,002.44

EXHIBIT 6
[Status of Real Property Leases]

ASSUMED LEASES	LANDLORD
CORPORATE (200 W HIGH WAY 13)	200 WEST HWY 13 PARTNERSHIP
ROBBINSDALE	GOBIND AND RITA MOHINANI
HOPKINS PAWN	BLAKE CENTER LLC
ROSEVILLE	OSBORNE PROP
FRIDLEY	NATIONAL RETAIL PROP
ST CLOUD	SGO MN WESTGATE
ROCHESTER	SOLDIER FIELD
WEST SAINT PAUL	COMRECO
WASHBURN AVE	GEORGE-TOM LLC
MANKATO	NATIONAL RETAIL PROPERTIES
ONALASKA	RITA & PAUL DURHMAN, LLC
INVER GROVE HEIGHTS	D&T PROP
APPLETON	STAKES INC
MADISON	CARDINAL COURT LLC
WAUSAU	INTERCITY BANK
WEST ALLIS	HOSS BROS LLC

REJECTED LEASES	LANDLORD
MIDWAY	RFP LLC (<i>Insider</i>)
SIOUX FALLS	NATIONAL RETAIL PROPERTIES
SIOUX FALLS	NORTHWESTERN ENG.
FARGO	NATIONAL RETAIL PROPERTIES
EAU CLAIRE	LARSCO
HOPKINS EXCHANGE	CMS /AES BLAKE CENTER LLC
ASHWABENON	MIDWEST EXPANSION

LEASES TO BE ASSUMED BY PLAN	LANDLORD
CORPORATE (BURNSVILLE)	RIXMANN AMCON, LLC(<i>Insider</i>)
BURNSVILLE	RIXMANN-MCANDREWS CENTER, LLC (<i>Insider</i>)
DULUTH	RFP, LLC(<i>Insider</i>)
BLOOMINGTON	RFP, LLC(<i>Insider</i>)
ANOKA	RFP, LLC(<i>Insider</i>)
COON RAPIDS	RIXMANN AMCON, LLC(<i>Insider</i>)

EXHIBIT 7
[Second Modified Plan of Reorganization and Liquidation]

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Jointly Administered Under
Case No. 17-31145

Pawn America Minnesota, LLC,
Pawn America Wisconsin, LLC,
Exchange Street Inc.

17-31145
17-31146
17-31147

Chapter 11 Cases

SECOND MODIFIED JOINT PLAN OF REORGANIZATION AND LIQUIDATION

Dated: December 14, 2017

/e/ Edwin H. Caldie

Edwin H. Caldie (#0388930)

Phillip J. Ashfield (#0388990)

Andrew J. Glasnovich (#0398366)

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MN 55402

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**COUNSEL FOR PAWN AMERICA
MINNESOTA, LLC, PAWN AMERICA
WISCONSIN, LLC, AND EXCHANGE
STREET, INC.**

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Jointly Administered Under
Case No. 17-31145

Pawn America Minnesota, LLC,
Pawn America Wisconsin, LLC,
Exchange Street Inc.

17-31145
17-31146
17-31147

Chapter 11 Cases

SECOND MODIFIED JOINT PLAN OF REORGANIZATION AND LIQUIDATION

The Debtors propose the following Second Modified Joint Plan of Reorganization and Liquidation (the “Plan”) for approval by the creditors and other interested parties. Creditors and other parties in interest should refer to the related Second Modified Disclosure Statement in Support of Second Modified Plan of Reorganization and Liquidation (“Disclosure Statement”) for (i) a discussion of the Debtors’ history and business operations; (ii) a summary and analysis of this Plan; (iii) a summary of potential risk factors relating to this Plan; and (iv) a discussion of other matters relevant to the Debtors’ reorganization or liquidation in general and this Plan in particular. Subject only to the restrictions and requirements set forth in relevant provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (including 11 U.S.C. § 1127 and Fed. R. Bankr. P. 3019), the Debtors reserve all available rights to amend, alter, revise, modify, revoke, or withdraw this Plan prior to its substantial consummation.

**ARTICLE I
DEFINITIONS**

1.01 *Definitions.* The following words and phrases when used herein have the following meanings:

“Administrative Claim” means any Claim for payment of an administrative expense of a kind specified in section 503(b) of the Code and entitled to priority pursuant to section 507(a)(2) of the Code.

“Allowed” means, with respect to any claim, (i) a claim that has been scheduled by one or more of the Debtors as other than disputed, contingent, or unliquidated, and as to which one or more of the Debtors or any other party-in-interest has not filed an objection; (ii) a claim that has been allowed by a Final Order; (iii) a claim that is allowed in a court-approved stipulation or settlement; or (iv) a claim as to which a proof of claim has been timely filed and as to which the Debtors, or any party-in-interest, have not filed

an objection; and with respect to all claims, only after reduction for applicable setoff and similar rights of the Debtors.

“Allowed Administrative Claim” means any Allowed Claim that is also an Administrative Claim.

“Allowed Claim” means any portion of Claim that is an allowed claim under Section 502 of the Code.

“Allowed Priority Claim” means an Allowed Claim that is entitled to priority under Sections 507(a)(8) of the Code.

“Cause of Action” means any and all actions, proceedings, causes of action (including, without limitation, any causes of action of a debtor or debtor in possession under chapter 5 of the Bankruptcy Code such as the Avoidance Claims or turnover actions), liabilities, obligations, suits, reckonings, covenants, contracts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, rights to object to claims, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured or whether asserted or assertable directly or derivatively, in law, equity or otherwise, and all rights thereunder or attendant thereto that belong to one or more of the Debtors or one or more of the bankruptcy estates.

“Chapter 11 Cases” means the Chapter 11 Cases involving Debtors.

“Claim” means a claim against Debtors as defined in section 101(5) of the Code.

“Bankruptcy Code” or “Code” means the Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, and, where applicable, the Federal Rules of Bankruptcy Procedure.

“Confirmation Date” means the date on which the Confirmation Order is entered by the Court.

“Confirmation Order” means the order entered by the Court confirming the Plan pursuant to Section 1129 of the Code.

“Contested Claim” or “contested claim” means (i) a claim that is not an Allowed claim because one or more of the Debtors, or another party in interest has objected to allowance of such claim under Section 502(b) of the Bankruptcy Code and Bankruptcy Rule 3007; (ii) any secured or unsecured portions of a Secured Claim that is the subject of a motion for determination of the value of security under Section 506(a) of the Bankruptcy Code and Bankruptcy Rule 3012; (iii) any claim held by a creditor against which one or more of the Debtors has demanded the recovery of property pursuant to Section 502(d) of the Bankruptcy Code, without regard to whether such claim was

previously an Allowed claim; or (iv) a claim whose validity or amount is subject to determination in an adversary proceeding that has not been resolved by a Final Order.

“Court” means the United States Bankruptcy Court of the District of Minnesota.

“Debtors” shall refer collectively to Pawn America Minnesota, LLC, Pawn America Wisconsin, LLC, and Exchange Street, Inc.

“Disclosure Statement” means the Second Modified Disclosure Statement for this Plan, as may be further revised or modified or amended.

“Disputed Claim” means any portion of any Claim (i) which has been scheduled with the Court as disputed, contingent, or unliquidated, or (ii) proof of which has been filed with the Court and to the allowance of which an objection has been filed within the time limitations fixed by the Code, this Plan, or an order of the Court, and as to the allowability of which no determination has been made by Final Order of the Court.

“Effective Date” means the first business day after the conditions precedent stated in Section 9.01 are satisfied.

“Final Order” means an order of the Court or the Federal District Court as to which (a) any appeal which has been taken has been finally determined or dismissed or (b) the time for appeal has expired and no appeal has been timely filed.

“Final Determination” means a determination under non-bankruptcy law that has not been stayed, reversed, or amended and to which (i) the time to appeal or seek review or rehearing has expired, and (ii) no appeal or petition for review or rehearing was filed or, if it has been filed, it remains pending.

“Local Rules” means the Local Rules of the Court.

“Plan” means this Second Modified Joint Plan of Reorganization and Liquidation.

“Priority Claims” means Claims that are entitled to priority payment under § 507 of the Code.

“Record Date” means the last date on which a claim transfer will be recognized. The Record Date is the Confirmation Date.

“Reorganized Entities” shall refer collectively to Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC.

“Secured Claim” means any allowed claim that is determined to be secured pursuant to Section 506 of the Bankruptcy Code.

ARTICLE II
ADMINISTRATIVE AND PRIORITY CLAIMS

2.01. *Description and Treatment of Allowed Administrative Claims.* The Debtors will pay each holder of an Allowed Administrative Claim the full amount of such Allowed Administrative Claim (a) in cash on the later of (i) the Effective Date, or (ii) as soon as practicable after the Administrative Claim becomes an Allowed Administrative Claim; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 cases have been (and will continue to be) paid in the ordinary course of business in accordance with their terms.

Fees payable to the U.S. Trustee under 28 U.S.C. § 1930 shall be paid in full on the Effective Date and thereafter as and when due until the Chapter 11 Cases are closed, dismissed, or converted.

2.02 *Description and Treatment of Allowed Priority Claims.* Allowed Priority Claims payable outside the ordinary course of business, if any, will be paid in full in cash on the Effective Date, or as soon as practicable thereafter, or shall be paid in accordance with such terms as may have been or may be agreed upon by Debtors and the respective claimants.

The Debtors will pay all post-petition taxes in the ordinary course of business as they come due.

2.03 *Administrative Claim Deadline.* Requests for payment of Administrative Claims must be filed and served no later than thirty (30) days after entry of the Confirmation Order in accordance with Local Rule 3002-2. Administrative Claims holders, excluding any claim for compensation pursuant to Code Sections 327, 328, 330, or 331, that do not file a request for payment by the Administrative Claims Deadline will be forever barred from asserting such claims against the Debtors or the Reorganized Entities or any of their property. Any objection to an Administrative Claim must be served and filed no later than sixty (60) days after the Administrative Claims Deadline. Thereafter, the Administrative Claims Deadline can only be extended by order of the Bankruptcy Court. If no objection to the applicable Administrative Claim is so filed, such Administrative Claim will be deemed allowed.

ARTICLE III
CLASSES OF OTHER CLAIMS

3.01. *Description of Class A1 Claim.* The Class A1 Claim shall consist of the Secured Claim held by TBK Bank against the Debtors. The principal amount of the claim, as of December 31, 2017, is expected to total approximately \$9,415,515.00. In addition, pursuant to the *Stipulated Order Regarding Debtors' Motion for Use of Cash Collateral on a Final Basis* (“Cash Collateral Order”) [ECF 119], TBK Bank is entitled, to the extent provided and allowed by §506 of the Bankruptcy Code, interest at rates set forth in the Loan Documents (as defined in the Cash Collateral Order) and reasonable attorneys' fees and other reasonable professional fees as well as all other reasonable costs and expenses incurred by TBK Bank as more fully set forth in the Cash Collateral Order. The Debtors expect to allow TBK Bank’s claim in such amount as

shall be agreed upon by the Debtors and TBK Bank, in consultation with the Committee, or in such other amount determined by the Court.

3.02 *Description of Class A2 Claim.* The Class A2 Claim will consist of the Secured Claim held by Klein Bank against Pawn America Minnesota, LLC in the amount of approximately \$92,466.45, or such other amount as will be agreed upon by the Debtors and Klein Bank, in consultation with the Committee, or in such other amount determined by the Court.

3.03 *Description of Class A3 Claim.* The Class A3 Claim will consist of the Secured Claim held by Lease Finance Group, Inc., a division of Signature Bank, against Pawn America Minnesota, LLC in the amount of approximately \$96,047.60, or such other amount as will be agreed upon by the Debtors and Lease Finance Group, Inc., in consultation with the Committee, or in such other amount determined by the Court.

3.04. *Description of Class B1 - Administrative Convenience Class (Pawn America Minnesota).* The Class B Claims shall consist of all Allowed unsecured Claims against Pawn America Minnesota, LLC or Pawn America Wisconsin, LLC that are (a) scheduled in the amount of \$250 or less, or (b) reduced by the holder of the claim to \$250 to be treated under this class through an election on the ballot cast pursuant to the Plan.

3.05. *Description of Class B2 - Administrative Convenience Class (Pawn America Wisconsin).* The Class B2 Claims will consist of all Allowed Unsecured Claims against Pawn America Wisconsin, LLC that are (a) scheduled in the amount of \$250 or less, or (b) reduced by the holder of the claim to \$250 to be treated under this class through an election on the ballot cast pursuant to the Plan.

3.06 *Description of Class C1 Claims.* The Class C1 Claims will consist of all Allowed Unsecured Claims against Pawn America Minnesota, LLC that are not included in any other class of Claims, including any Unsecured Claim held by a secured creditor of Pawn America Minnesota, LLC arising from the determination of its Allowed Secured Claim under § 506 of the Code or otherwise.

3.07 *Description of Class C2 Claims.* The Class C2 Claims will consist of all Allowed Unsecured Claims against Pawn America Wisconsin, LLC that are not included in any other class of claims, including any Unsecured Claim held by a secured creditor of Pawn America Wisconsin, LLC arising from the determination of its Allowed Secured Claim under § 506 of the Code or otherwise.

3.08 *Description of Class C3 Claims.* The Class C3 Claims will consist of all Allowed Unsecured Claims against Exchange Street, Inc. that are not included in any other class of claims, including any Unsecured Claim held by a secured creditor of Exchange Street, Inc. arising from the determination of its Allowed Secured Claim under § 506 of the Code or otherwise.

3.09 *Description of Class D1 Interests.* The Class D1 Interests will consist of all rights attributable to the holders of ownership interests in Pawn America Minnesota, LLC, together

with all options, warrants, or other rights, commitments, or agreements of any nature, if any, to acquire an ownership interest in one or more of the Debtors.

3.10 *Description of Class D2 Interests.* The Class D2 Interests will consist of all rights attributable to the holders of ownership interests in Pawn America Wisconsin, LLC, together with all options, warrants, or other rights, commitments, or agreements of any nature, if any, to acquire an ownership interest in one or more of the Debtors.

3.11 *Description of Class D3 Interests.* The Class D3 Interests will consist of all rights attributable to the holders of ownership interests in Exchange Street, Inc. together with all options, warrants, or other rights, commitments, or agreements of any nature, if any, to acquire an ownership interest in one or more of the Debtors.

ARTICLE IV

TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

4.01 *Treatment of the Class A1 Claim.* On or before the Effective Date, the Debtors and/or the Reorganized Entities shall pay down TBK's allowed Class A1 Claim to the lesser of: (i) \$6,500,000 or (ii) the sum of 70% of the Eligible Pawn Loans and Eligible Pawn Service Charges, as defined in the loan documents (the "TBK Pay Down"). In addition, the Debtors shall provide TBK Bank a full release of all claims or causes of action which accrued prior to the Effective Date.

On the Effective Date, TBK will amend and restate its Pre-petition Loan Agreement, which will provide for a line of credit with a forty-two (42) month term (the "New TBK Facility"), which will be evidenced by documents to be negotiated between TBK Bank and the Reorganized Entities. The full execution of such documents (including an intercreditor agreement between TBK Bank and Capital Managers LLC and the approval by TBK Bank of the creditworthiness of Capital Managers LLC) and the TBK Pay Down shall be conditions precedent to the Effective Date. Such conditions precedent cannot be waived by the Debtors.

The terms of the New TBK Facility are summarized below.

The maximum advances under the New TBK Facility will be \$6,500,000 from the Effective Date through March 31, 2019. Effective April 1, 2019 through June 30, 2021, the maximum advances under the New TBK Facility will be \$6,000,000.00.

TBK Bank shall be entitled to interest on the outstanding principal amount under the New TBK Facility as follows:

- Months 1-25: Prime plus 1% with a guaranteed interest rate of 6%.
- Months 26-42: Prime plus 1.8% with a guaranteed interest rate of 7.5%.

The Reorganized Entities shall pay the following fees related to the New TBK Facility:

- \$25,000.00 upon on the Effective Date.
- \$37,500.00 by January 3, 2020.

- \$75,000.000 upon the New TBK Facility being paid in full or maturity; provided, however, that such fee is waived if payment in full of the New TBK Facility occurs within 37 months after the Effective Date.

The New TBK Facility requires mandatory prepayments based upon the Borrowing Base, measured by 70% of the Eligible Pawn Loans and Eligible Pawn Service Charges, as defined in the loan documents and monthly interest, which shall be due and payable each month, and the balance of the New TBK Facility shall be due on the last day of the forty-second month after the Effective Date.

Except as provided for in this Plan, the Reorganized Entities shall not incur additional debt or enter into additional lease obligations without the express written consent of TBK Bank.

TBK Bank shall retain its security interest in all assets of the Debtors and shall be granted by the Reorganized Entities a security interest in all assets of the Reorganized Entities, subordinate only to Capital Managers LLC's first priority secured interest (as described in Section 6.07 of this Plan), in all the Debtors' and Reorganized Entities' inventory. The Reorganized Entities shall grant TBK Bank a first priority security interest in all of its Accounts, chattel paper, payment intangibles, promissory notes that comprise or relate to any and all pawn loans and pawn service charges as well as any and all goods pledged as security for any and all pawn loans and/or pawn service charges (the "Pawn Collateral"). Pursuant to the terms of an Intercreditor agreement, TBK Bank and Capital Managers shall share pro-rata first priority security interest in all of the Reorganized Entities' assets, other than inventory and the Pawn Collateral, based upon the amount of the outstanding principal balance of each loan as of the date of the occurrence of an event of default under the New TBK Facility and on account of which default TBK Bank exercises any remedies.

To further secure payment of the New TBK Facility, Bradley K. Rixmann shall execute a personal guarantee in an amount not to exceed \$6,500,000.00 of the New TBK Facility thru April 1, 2019, at which time the amount of the guarantee will reduce to a maximum of \$6,000,000.00

The New TBK Facility will require the Reorganized Entities to maintain a debt service coverage ratio of not less than 1.25 to 1. The debt service coverage ratio is to be measured as of the last date of each month of the Reorganized Entities' fiscal year (the "Measurement Date") commencing on September 30, 2018 (except that neither October 31, 2018 nor November 30, 2018 will be a Measurement Date), for the following "Measurement Periods": (i) for each Measurement Date ending on September 30, 2018 and on December 31, 2018, the Measurement Period commences on the Effective Date and ends on each such Measurement Date; (ii) for each Measurement Date after December 31, 2018, the Measurement Period is the period of twelve consecutive months ending on the Measurement Date.

The advance rates under the New TBK Facility shall be calculated as follows:

TBK's Collateral	From Effective Date through 3/31/19 Calculated As	From 4/1/19 through 6/30/21 Calculated As
Eligible Pawn Loans	70% of BV	65% of BV
Eligible Service Charges	70% of BV	65% of BV

The Reorganized Entities shall maintain a joint deposit account with TBK Bank with a minimum balance of \$150,000.00.

The line of credit described in Section 6.07 of the Plan shall be maintained in the minimum amount of \$2,029,000.00 until the New TBK Facility is paid in full.

During the term of the New TBK Facility, the Reorganized Entities shall provide the following reports to TBK Bank:

1. A borrowing base certificate, together with supporting schedules of outstanding pawn loans and related service charges will be supplied on a weekly basis.
2. A thirteen week rolling cash flow will be presented monthly.
3. Financial statements will be forwarded monthly within twenty-five days of month end.
4. 2016 audit to be provided within 90 days of the emergence from bankruptcy and FYE audits to be provided within 120 days of year-end going forward.
5. Tax returns for the Borrower will be forwarded to the Bank within thirty days of filing.
6. Personal financial statements and 2016 tax returns of the Guarantor will be provided prior to closing and on an annual basis going forward.
7. Updated twelve month projections to be provided semi-annually or more frequently if actual performance deviates negatively from existing projections
8. The Bank shall have the right to perform monthly test counts of pawn loans and underlying collateral and periodic field audits.

4.02 *Treatment of Class A2 Claim.* In full and final satisfaction of the Class A2 Claim, on the Effective Date, the Debtors shall surrender and make available to Klein Bank all of the collateral subject to the Klein Bank's security interest for pickup at 1565 Tullamore Street, Mankato, Minnesota, 56001.

4.03 *Treatment of Class A3 Claim.* In full and final satisfaction of the Class A3 Claim, on the Effective Date, the Debtors shall surrender and make available to Lease Finance Group, Inc. all of the collateral subject to Lease Finance Group, Inc.'s security interest for pickup at 5300 South Robert Trail, Inver Grove Heights, Minnesota, 55077.

4.04. *Treatment of Class B1 Claims.* The holders of Class B1 Claims will receive a payment in cash on the Effective Date in an amount equal to one hundred percent (100%) of their Allowed Claim.

4.05. *Treatment of Class B2 Claims.* The holders of Class B2 Claims will receive a payment in cash on the Effective Date in an amount equal to one hundred percent (100%) of their Allowed Claim.

4.06 *Treatment of Class C1 Claims.* In full satisfaction of their unsecured claims, the holders of Class C1 Claims will receive their pro rata share of \$347,826.09, paid in 5 (five) installments of \$69,565.22. The first installment payment will be made on March 30, 2018 and the four (4) subsequent installment payments will be made on or before March 30th of the four following years.

4.07. *Treatment of Class C2 Claims.* In full satisfaction of their unsecured claims, the holders of Class C2 Claims will receive their pro rata share of \$102,173.91, paid in 5 (five) installments of \$30,434.78. The first installment payment will be made on March 30, 2018 and the four (4) subsequent installment payments will be made on or before March 30th of the four following years.

4.08 *Treatment of Class C3 Claims.* In full satisfaction of their unsecured claims, the holders of the Class C3 Claims will receive their pro rata share of 20% of the gross estimated liquidation value of the assets owned by Exchange Street, Inc. (the other 80% will go toward TBK's loan balance).

4.09 *Treatment of Class D1, D2, and D3 Interests.* The holders of Class D1, D2, and D3 Interests will not retain any of their respective interests and will not receive any payment under the Plan.

ARTICLE V

EXECUTORY CONTRACTS AND LEASES

5.01. *Contracts and Leases Rejected.* All executory contracts and unexpired leases relating to Exchange Street, Inc. not previously assumed or rejected in these Chapter 11 Cases will be deemed rejected as of the Effective Date, without further notice or action, order, or approval of the Bankruptcy Court.

5.02. *Contracts and Leases Assumed on Modified Terms.* The Debtors have negotiated revised terms on a certain executory contract identified on **Exhibit A**. The contract listed on Exhibit A will be assumed as of the Effective Date under section 365 of the Bankruptcy Code on the agreed modified terms, and the Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumption pursuant to Sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

5.03. *Insider Leases Assumed.* The non-residential real property leases identified on **Exhibit A** are also assumed by the Debtors as of the Effective Date under section 365 of the Bankruptcy Code, and the Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumption pursuant to Sections 365 and 1123 of the Bankruptcy Code as of the

Effective Date. The cure payments identified on Exhibit A will be paid on or prior to the Effective Date.

5.04. *Contracts and Leases Generally Deemed Assumed.* Unless otherwise provided for in Sections 5.01, 5.02, or 5.03 above, all executory contracts and unexpired leases of the Debtors will be deemed assumed by the Reorganized Entities, without the need for any further notice or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code, and regardless of whether such executory contract or unexpired lease is specifically identified in the Plan. Any monetary defaults under each executory contract and unexpired lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in cash on the Effective Date or in the ordinary course of business or on such other terms as the parties to such assumed executory contracts or unexpired leases can otherwise agree.

ARTICLE VI

MEANS FOR EXECUTION

6.01. *Vesting of Property in the Reorganized Entities.* Subject only to the security interests described in Sections 4.01 and 6.07, all property owned during the prepetition period by Pawn America Minnesota, LLC shall vest in Pawn America Minnesota, LLC on the Effective Date. Subject only to the security interests described in Sections 4.01 and 6.07, all property owned during the prepetition period by Pawn America Wisconsin, LLC shall vest in Pawn America Wisconsin, LLC on the Effective Date.

6.02. *Liquidation of Exchange Street, Inc.* On the Effective Date, Exchange Street, Inc. will be deemed to have irrevocably transferred all of its assets to Pawn America Minnesota, LLC. As consideration, Pawn America Minnesota, LLC will, on the Effective Date, pay the gross estimated liquidation value of such assets and distribute such amount to the creditors of Exchange Street, Inc. as follows: 80% to TBK Bank and 20% to holders of Class C3 Claims, as indicated in Section 4.08 above. The security interest of TBK Bank shall continue to attach to all assets of Exchange Street, Inc., including all cash generated by the liquidation of such assets, until the distribution is made to the creditors of Exchange Street, Inc. as required by this section. On the Effective Date, Exchange Street, Inc. shall cease to exist as a corporation without any further action, notice, or filing.

6.03. *Continuing Operations.* Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC shall, after the Confirmation Date, continue operating pawn and retail stores. Pro forma financial statements showing the estimated future financial condition and results of operations of the Debtors are contained on Exhibit 1 to the Disclosure Statement.

6.04. *Management of the Reorganized Entities.* On and after the Effective Date, Bradley Rixmann shall serve as Sole Manager, President, and CEO of Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC. Brad Rixmann's annual base salary shall be capped at \$300,000.00 annually through 2018. Starting in 2019, if all covenants and conditions of the New TBK Facility, as described in Section 4.01 are met, Mr. Rixmann may receive an annual increase of up to \$30,000.00. Additionally, Mr. Rixmann may be entitled to annual incentive compensation starting in 2019, in an amount not to exceed \$25,000 per year, and only so long as

all covenants and conditions of the New TBK Facility are met. In addition, on the Effective Date, Keith Kaestner shall serve as the Chief Financial Officer for Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC, and Steve Caulfield shall serve as the Chief Operating Officer for Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC. Keith Kaestner will receive a total annual salary from the Reorganized Entities of \$27,840.00, and Steve Caulfield will receive a total annual salary from the Reorganized Entities of \$171,324.00. Melanie Rixmann, Amy Regnier, and Paul Rixmann will no longer be managers of the company and will not receive compensation from the Reorganized Entities.

6.05. *Corporate Action.* On the Effective Date, the matters under this Plan involving or requiring action by either of the Debtors including, but not limited to, execution of all documentation incident to this Plan, will be deemed to have been authorized by the Confirmation Order and to have occurred and be in effect from and after the Effective Date without any further action by the Bankruptcy Court or the shareholders, governors, managers, or members of either of the Debtors.

6.06. *Issuance of New Shares and Maintaining Existing Corporate Structure.* On the Effective Date, in exchange for a capital contribution of \$450,000.00 to Pawn America Minnesota, LLC and \$250,000.00 to Pawn America Wisconsin, LLC (the “Capital Contribution”), Capital Managers, LLC shall be issued a 100% membership interest in Pawn America Minnesota, LLC and Pawn America Wisconsin, LLC. To the fullest extent permitted under Section 1145 of the Bankruptcy Code, the issuance of the new shares of stock and the new membership units under or in connection with the Plan shall be and are exempt from the registration requirements of the Securities Act of 1933, as amended, and any state or local law requiring registration for the offer or sale of a security or registration or licensing of any issuer of such securities. The ultimate owner of Capital Managers, LLC is Wayne P. Rixmann, who is the father of Bradley Rixmann, and thus Capital Managers, LLC is an “insider” as defined by 11 U.S.C. § 101(31)(B)(vi).

6.07. *Operating Line of Credit.* In addition to the equity contribution described in the preceding subsection, Capital Managers, LLC shall also provide the Reorganized Entities with access to operating capital in the form of a secured revolving loan facility, the maximum balance of which shall not exceed \$2,029,000 (the “Capital Managers Facility”). The Reorganized Entities’ repayment and performance under the Capital Managers Facility shall be secured by (i) a first priority lien on the Reorganized Entities’ inventory assets; (ii) a lien in Pawn Collateral subordinate to the liens granted to TBK Bank under the New TBK Facility; and (iii) a first priority lien (shared on a pro-rata basis with TBK Bank based upon the amount of the outstanding principal balance of each loan as of the date of the occurrence of an event of default under the New TBK Facility and on account of which default TBK Bank exercises any remedies with TBK Bank) in all other assets. The Capital Managers Facility will be documented between the parties, and contain the following material terms:

The interest rate applicable to amounts borrowed by the Reorganized Entities under the Capital Managers Facility shall: (i) months 1–25: Prime plus 1.00% with a guaranteed minimum of 6.0%; and (ii) months 26–42, Prime plus 1.8% with a guaranteed minimum of 7.5%.

Payments under the Capital Managers Facility shall be interest-only, with the balance of

the loan due upon maturity.

The advance rates under the Capital Managers Facility shall be calculated as follows:

First-Priority Collateral	Advance Rate
Jewelry Inventory	50% of BV
Consignment Inventory	20% of BV
All other Inventory	40% of BV

6.08. *Effectuating Documents and Other Transactions Exempt from Transfer Taxes.* The Debtors or Reorganized Entities, as appropriate, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents, and take all other such actions as may be necessary or appropriate to effectuate and implement the provisions of this Plan. Pursuant to Section 1146(a) of the Bankruptcy Code, the following shall not be subject to any stamp tax, real estate transfer tax, mortgage and recording tax, sales or use tax, or any other, similar tax: (i) the creation of any mortgage, deed of trust, lien or other security interest; (ii) the making or assignment of any lease or sublease; or (iii) the making or delivery of any deed or other instrument of transfer under, in further of, or in connection with this Plan, including any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale or assignments executed in connection with any of the foregoing or pursuant to this Plan.

6.09. *Plan Amendments or Modifications.* The Debtors or Reorganized Entities, as appropriate, may amend or modify the Plan both before and after the Confirmation Date in accordance with the provisions of Section 1127 of the Bankruptcy Code.

ARTICLE VII

SUPERVISION OF THE PLAN

7.01. *Jurisdiction.* Until the Chapter 11 Cases are closed, the Court shall retain the fullest and most extensive jurisdiction permissible, including without limitation, the jurisdiction necessary to ensure that the purposes and intent of this Plan are carried out and to hear and determine all claims and related objections that could have been brought before the entry of the Confirmation Order.

7.02. *General Retention.* Following confirmation of this Plan, the Court shall also retain jurisdiction for the purposes of classifying any Claim, re-examining Claims that have been allowed for purposes of voting and determining such objections as may be filed with the court with respect to any Claim. The failure by the Debtors to object to or examine any Claim for the purposes of voting shall not be deemed a waiver of the right of the Debtors or Reorganized Entities, as appropriate, to object to or re-examine such claim, in whole or in part.

7.03. *Specific Purposes.* In addition to the foregoing, after confirmation of the Plan the court shall retain jurisdiction to the maximum extent legally permissible, including for the following specific purposes:

- (a) to modify this Plan after confirmation, pursuant to the Code;

(b) to correct any defect, cure any omission or reconcile any inconsistency in this Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of this Plan, including the adjustment of the date(s) of performance under this Plan and any documents related thereto so that the intended effect of this Plan and such other documents may be substantially realized thereby;

(c) to enforce and interpret the terms and conditions of this Plan;

(d) to enter such orders including, but not limited to, injunctions as are necessary to enforce the title, rights and powers of the Debtors;

(e) to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes, tax benefits and similar or related matters with respect to the Debtors, or their respective estates arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Cases;

(f) to hear and determine all applications for compensation of professionals and reimbursement of expenses under Sections 330, 331 or 503(b) of the Code;

(g) to hear and determine any causes of action arising during the period from the date a petition is filed through the Effective Date, or in any way related to this Plan or the transactions contemplated hereby, against the Debtors, the Committee or their respective officers, directors, stockholders, members, attorneys, financial advisors, representatives and agents;

(h) to determine any and all motions pending on confirmation for the rejection, assumption or assignment of executory contracts or unexpired leases and the allowance of any claim resulting therefrom;

(i) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(j) to consider and act on the compromise and settlement of any claim against the interest in Debtors or their respective estates;

(k) to determine all questions and disputes regarding title to the assets of Debtors or their respective estates;

(l) to enter such orders as are necessary to implement and enforce any other orders entered in the Chapter 11 Cases; and

(m) to hear and determine any other matters related hereto and not inconsistent with the Code.

ARTICLE VIII
CLAIMS ADMINISTRATION AND PLAN DISTRIBUTIONS

8.01. *Claims Administration.*

8.01.01. *Reservation of Rights to Object to Claims.* Unless a Claim is specifically allowed under the Plan or otherwise Allowed by order of this Court, the Debtors reserve any and all objections to any and all claims and motions or requests for the payment of Claims, whether administrative expense, secured, or unsecured, including without limitation any and all objections to the validity or amount of any and all alleged administrative expense claims, priority tax claims, liens, and security interests, whether under the Bankruptcy Code, or under other applicable law or contract.

8.01.02. *Filing of Objections.* Unless otherwise extended by the Court in the Confirmation Order, any objections to claims other than Administrative Claims must be properly filed and served within thirty (30) days after the later of (i) the Effective Date (unless such day is not a business day, in which case such deadline will be the next business day thereafter); or (ii) the date a proof of claim is filed.

8.01.03. *Determination of Claims.* Except as otherwise agreed by the Debtors, any Claim as to which a proof of claim or motion or request for payment was timely filed in these cases can be determined and liquidated pursuant to (i) a Final Order of the Court, or (ii) a Final Determination under applicable non-bankruptcy law, and will be deemed in such liquidated amount and satisfied in accordance with this Plan. Nothing contained in the Plan, this Disclosure Statement, or the Confirmation Order will constitute, or be deemed a waiver of, any claim, right, interest, or Cause of Action that the Debtors or the Debtors' estates can have against any person in connection with, or arising out of any claim or claims, including without limitation any rights under Section 157(b) of title 28 of the United States Code.

On and after the Effective Date, the Reorganized Entities will have the authority to assert, compromise, settle, otherwise resolve, or withdraw any objections to Claims, and compromise, settle, or otherwise resolve any other form of contested Claims, without further approval of the Bankruptcy Court.

8.02. *Procedures for Contested Claims.*

8.02.01. *No Distributions Pending Allowance.* Notwithstanding any other provision of this Plan, no payments or distributions will be made with respect to any portion of a Contested Claim unless and until all objections to such contested claim have been settled or withdrawn or resolved by a Final Order, and the Contested Claim at issue has become an Allowed Claim.

8.02.02. *Claim Estimation.* The Debtors may request estimation or limitation of any Contested Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code; provided, however, that the Court will determine (i) whether such Contested Claim is subject to estimation pursuant to section 502(c) of the Bankruptcy Code and (ii) the timing and procedures for such estimation proceedings, if any. Unless provided otherwise in an order of the Court, the estimated amount shall constitute the Allowed amount of

such Claim or a maximum limitation on such claim, as the Court may direct; provided, however, that if the estimate constitutes the maximum limitation on such claim, the Debtors may elect to pursue supplemental proceedings to object to the ultimate allowance of such Claim. The foregoing shall not limit the rights granted by Section 502(j) of the Bankruptcy Code.

8.02.03. *No Distribution if Cause of Action Asserted.* Notwithstanding any other provision in this Plan, no payment or distribution will be made with respect to all or any portion of a Claim or Allowed Claim held by a claimant against whom a Cause of Action is asserted unless and until such Cause of Action has been settled or withdrawn or has been determined by Final Order.

8.02.04. *Reserve for Contested Claims.* From and after the Effective Date and until such time as all Contested Claims have been compromised and settled or determined by Final Order of Final Determination, at or before the time of the first distribution to creditors under this Plan, the Debtors shall establish and maintain a separate reserve account in an amount equal to distributions that would have been made to the holders of Contested Claims if each Contested Claim were an Allowed claim equal to the lesser of (i) the Contested Claim amount, (ii) the amount in which the Contested Claim is estimated by the Court for purposes of allowance, which amount unless otherwise ordered shall constitute the maximum amount in which the Contested Claim may become an Allowed Claim, or (iii) such other amount as may be agreed upon by the Debtors and the holder of the Contested Claim.

8.02.05. *Payment upon Allowance or Disallowance.* At such time as a Contested Claim becomes, in whole or in part, an Allowed Claim, the Debtors shall distribute to the holder thereof the distribution(s) to which the holder is then entitled under the Plan. Such distribution(s), if any, shall be made as soon as practicable after the entry of the Final Order allowing the Claim.

8.02.06. *No Post-Confirmation Claim Transfers.* The Record Date for any claim transfers shall be the Confirmation Date. Payments under the Plan will be mailed to the address of the holder of the Allowed Claim as of the Record Date until the holder of the Allowed Claim as of the Record Date notifies the appropriate Debtor or Reorganized Entity, as appropriate, in writing of a different address.

8.02.07. *Unclaimed Payments.* In the event a payment is returned to the Reorganized Entities unclaimed, with no indication of the payee's forwarding address, the Reorganized Entities will hold such payment for a period of two months from the date of return. If the payment is not claimed by the payee by the end of that period, the payment will be held by the relevant Reorganized Entity to fund the next distribution to its holders of Allowed Claims.

8.02.08. *Untimely Proofs of Claim.* If a proof of a claim is required under Bankruptcy Rule 3003 and is not timely filed according to the provisions of the Bankruptcy Code or applicable Final Order in these Chapter 11 Cases, the holder of such claim will not be treated as a creditor for purposes of distribution under this Plan and will receive no distribution under this Plan on account of such claim.

8.03. *Claims Administration.* Subject to the provisions of other subsections in this Article, distributions shall be made as set forth in the subsections addressing the treatment of the various classes of claims.

8.04. *Method of Payment.* Payments under this Plan will be made by check, mailed with first class postage pre-paid, to the holder of each claim at the address listed on its proof of claim as of the Record Date, or if no proof of claim has been filed by the date of the hearing on confirmation, to the address listed on the schedules as of the Record Date. Holders of claims as of the Record Date may contact the undersigned to amend their addresses:

Pawn America Minnesota
Attn: Keith Kaestner
181 River Ridge Circle S
Burnsville, MN 55337

ARTICLE IX **PLAN CONFIRMATION AND EFFECTIVE DATE**

9.01. *Conditions Precedent to Effective Date.* The following are conditions precedent to the occurrence of the Effective Date: (i) the Confirmation Order shall have been entered by the Bankruptcy Court, be in full force and effect, and not subject to any stay or injunction; (ii) payment of the Capital Contribution; (ii) full execution of loan documents evidencing the New TBK Facility and the Capital Managers Facility (including an intercreditor agreement between TBK Bank and Capital Managers, LLC); and (iii) satisfaction of the TBK Pay Down.

9.02. *Cramdown.* The Debtors request confirmation under Section 1129(b) of the Bankruptcy Code with respect to any impaired class that has not accepted, or is deemed not to have accepted this Plan.

9.03. *Effect of Confirmation.*

9.03.01. *Discharge.* Except as otherwise provided in this Plan, confirmation of this Plan discharges, waives, and releases the Reorganized Entities from any debt that arose before the Confirmation Date and any debt of a kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, regardless of whether or not proof of the claim based on such debt was filed or deemed filed under Section 501 of the Bankruptcy Code, such Claim is allowed under Section 502 of the Bankruptcy Code, or the holder of such claim has accepted the Plan. The payments of, distributions on account of, or treatments of claims in this Plan are deemed to satisfy in full all claims.

9.03.02. *Injunctions Relating to the Debtors.* Except as provided in this Plan, as of the Effective Date and subject to its occurrence, all persons that have held, currently hold, or may have asserted a claim, a Cause of Action or other debt, liability, interest, or other right of a holder of an equity interest that is discharged, released, or terminated pursuant to the Plan, are hereby permanently enjoined from commencing or continuing against either of the Reorganized Entities, in any manner or in any place, any: action or other proceeding; enforcing, collecting, or recovering in any manner any judgment, award, decree, or order; creating,

perfecting, or enforcing any lien or encumbrance; and/or asserting a set-off, right of subrogation, or recoupment of any kind against any debt, liability, or obligation.

9.03.03. *Dissolution of the Committee.* On the Effective Date, the Official Committee of Unsecured Creditors (the “Committee”) shall dissolve automatically, whereupon its members, professionals and agents shall be released from any further duties and responsibilities in these Chapter 11 Cases and under the Bankruptcy Code.

ARTICLE X **MISCELLANEOUS**

10.01. *Authority to Effectuate Plan.* Upon the entry of the Confirmation Order by the Court, all matters provided under the Plan shall be deemed to be authorized and approved without further approval from the Court. The Debtors’ respective charters and by-laws may be modified and amended, to the extent necessary to effectuate the provisions of this Plan. Debtors shall authorize, without further application to or order of the Court, to take whatever action is necessary to achieve consummation of the Plan and to effectuate the distributions provided for hereunder.

10.02. *Time of the Essence.* All payments required to be made pursuant to this Plan shall be made in a timely fashion.

10.03 *Retention of Claims and Rights of Action.* Unless a claim or Cause of Action against a creditor or other entity is expressly waived, relinquished, released, compromised, or settled in the Plan, the Debtors hereby expressly reserve such claim or cause of action and the right to pursue the same.

10.04. *Return of Deposits.* Unless otherwise set forth in this Plan, any creditor holding a deposit, including but not limited to utilities deposits, shall return to the Debtors the full amount of the deposit, without the right to setoff, as soon as practicable following the entry of the order confirming the Plan.

10.05. *Event of Default.* Unless otherwise provided elsewhere in the Plan, default with respect to, as appropriate, the Debtors' or Reorganized Entities' obligations under the Plan to any creditor or other party in interest will not occur unless and until such creditor or party in interest has delivered written notice of such default to the Debtors or Reorganized Entities, as appropriate, at the address set forth in Section 8.04 of the Plan and the Debtors or Reorganized Entities have failed to cure such default within 30 days after receipt of such written notice. If the Debtors or Reorganized Entities fail to cure a default, a creditor’s or other person’s sole remedy is a claim for breach of contract and the Debtors or Reorganized Entities shall have such claims and any other remedies provided for in the Plan or pursuant to any interests vested in it by the Plan.

IN WITNESS WHEREOF, each Debtor has executed this Second Modified Joint Plan of Reorganization as of the 14th day of December 2017.



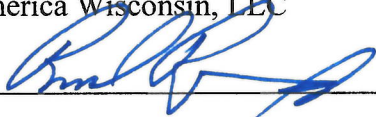
<p>Pawn America Minnesota, LLC</p> <p></p> <hr/> <p>By: Bradley K. Rixmann Its: Chief Manager</p>	<p>Exchange Street, Inc.</p> <p></p> <hr/> <p>By: Bradley K. Rixmann Its: President & Chief Executive Officer</p>
<p>Pawn America Wisconsin, LLC</p> <p></p> <hr/> <p>By: Bradley K. Rixmann Its: Chief Manager</p>	

EXHIBIT A
[Assumed Executory Contract and Insider Leases]

INSIDER LEASES TO BE ASSUMED WITH REDUCED CURE PAYMENTS			
LOCATION	DEBTOR	LANDLORD	CURE AMOUNT
Burnsville, MN	Pawn America Minnesota	Rixmann-McAndrews Center, LLC	\$59,552.11
Bloomington, MN	Pawn America Minnesota	RFP, LLC	\$21,202.36
Anoka, MN	Pawn America Minnesota	RFP, LLC	\$26,078.16
Duluth, MN	Pawn America Minnesota	RFP, LLC	\$16,925.77
Coon Rapids, MN	Pawn America Minnesota	Rixmann Amcon, LLC	\$50,966.10
Corporate – Burnsville, MN	Pawn America Minnesota	Rixmann Amcon, LLC	\$9,275.52
TOTAL			\$184,000.00

EXECUTORY CONTRACTS TO BE ASSUMED ON MODIFIED TERMS					
LOCATION	DEBTOR	LESSOR	CURE AMOUNT	PREVIOUS MONTHLY PAYMENT	NEW MONTHLY PAYMENT
Madison, WI	Pawn America Wisconsin	MIDCOUNTRY EQUIPMENT FINANCE	\$0	\$42,853.05	\$32,002.44

EXHIBIT 8
[Order Approving Disclosure Statement]