

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In Re:)	Case No. 16-45026-659
)	Chapter 11
StephChris of Missouri, LLC)	
)	
)	
Debtor.)	

**SMALL BUSINESS DEBTOR’S FIRST AMENDED COMBINED PLAN OF
REORGANIZATION AND DISCLOSURE STATEMENT**

StephChris of Missouri, LLC (“StephChris”), Debtor and Debtor-in-Possession herein, presents this First Amended Combined Plan of Reorganization and Disclosure Statement (the “Plan”) to all of its known creditors and interest holders to provide information of a kind and in sufficient detail to enable them to be reasonably informed when voting for acceptance or rejection of the Plan.

The Plan provides adequate information for this purpose and also sets forth the terms of the proposed reorganization for your review.

You are encouraged to carefully review the full text of this document, including all exhibits and attachments, before deciding how to vote on the Plan. The Debtor asks for your vote to accept the Plan.

Attached as Exhibits to this Plan are copies of the following:

- A. Debtor's Financial Information for calendar years 2014-2016; and
- B. Debtor’s projected income, expenses, and payments to Unsecured Creditors for the 45-month period May 2017 through February 2021.

ARTICLE I **DEFINITIONS**

The definitions and rules of construction set forth in §§ 101 and 102 of the Bankruptcy Code shall apply when terms defined or construed in the Code are used in this Plan. The definitions that follow that are found in the Code are for convenience of reference only, and are superseded by the definitions found in the Code.

1.1. Administrative Claimant: Any person entitled to payment of an Administration Expense.

1.2. Administrative Expense: Any cost or expense of administration of the Chapter 11 case entitled to priority under Section 507(a)(2) of the Code and allowed under Section 503(b) of the Code, including without limitation, any actual and necessary expenses of preserving the Debtor's estate, any actual and necessary expenses incurred following the filing of the bankruptcy petition by the Debtor-in-Possession, allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under the Bankruptcy Code, and any fees or charges assessed against any of the Debtor's estates under Chapter 123, Title 28, United States Code.

1.3. Administrative Tax Claim: Any tax incurred pursuant to Section 503(b)(1)(B) of the Code.

1.4. Allowed Claim: Any claim against the Debtor pursuant to Section 502 of the Code to the extent that: (a) a Proof of Claim was either timely filed or was filed late with leave of the Bankruptcy Court or without objection by the Debtor, and (b) as to which either (i) a party in interest, including the Debtor, does not timely file an objection, or (ii) is allowed by a Final Order.

1.5. Allowed _____ Claim: An Allowed Claim in the particular Class or category specified.

1.6. Allowed Priority Tax Claim: A Priority Tax Claim to the extent that it is or has become an Allowed Claim, which in any event shall be reduced by the amount of any offsets, credits, or refunds to which the Debtor or Debtor-in-Possession shall be entitled on the Confirmation Date.

1.7. Allowed Secured Claim: Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code

1.8. Allowed Unsecured Claim: An Unsecured Claim to the extent it is, or has become, an Allowed Claim, which in any event shall be reduced by the amount of any offsets, credits, or refunds to which the Debtor or Debtor-in-Possession shall be entitled on the Confirmation Date.

1.9 Available Cash means the Debtor's total revenues in a given period, less its operating expenses, scheduled debt service, payment of Section 1930 Claims, payment of Administrative Expense Claims, and sufficient cash to maintain an operating reserve of \$25,000.

1.10. Avoidance Action: a cause of action arising under Sections 502, 510, 541, 542, 544, 545, 547 through 551, and 553 of the Bankruptcy Code., or any available state or federal law.

1.11. Bankruptcy Code or Code: Title 11 of the United States Code, 11 U.S.C. § 101 *et seq.*, as now in effect or hereafter amended.

1.12. Bankruptcy Court or this Court: The United States Bankruptcy Court for the Eastern District of Missouri.

1.13. Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, as now in effect or hereafter amended.

1.14. Cash: Cash, cash equivalents and other readily marketable securities or instruments issued by a person other than the Debtor, including, without limitation, readily marketable direct obligations of the United States of America, certificates of deposit issued by banks and commercial paper of any entity, including interest accrued or earned thereon.

1.15. Chapter 11 Case: This case under chapter 11 of the Bankruptcy Code in which StephChris of Missouri LLC is the Debtor-in-Possession.

1.16. Claim: Any “right to payment from the Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for future performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.” 11 U.S.C. § 101(5).

1.17. Class: A category of holders of claims or interests which are substantially similar to the other claims or interests in such class.

1.18. Committee: Any Committee of Creditors appointed by the United States Trustee in the chapter 11 case pursuant to Section 1102 of the Bankruptcy Code.

1.19. Confirmation: The entry by the Bankruptcy Court of an order confirming this Combined Plan and Disclosure Statement.

1.20. Confirmation Date: The Date upon which the Bankruptcy Court shall enter the Confirmation Order; provided however, that if on motion the Confirmation Order or consummation of the Plan is stayed pending appeal, then the Confirmation Date shall be the entry of the Final Order vacating such stay or the date on which such stay expires and is no longer in effect.

1.21. Confirmation Hearing: The hearing to be held on the date set out on the accompanying notice to consider confirmation of the Plan.

1.22. Confirmation Order: An order of the Bankruptcy Court or any amendment thereto confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.23. Convenience Class: A Class consisting of every Allowed Unsecured Claim that is less than or voluntarily reduced by the holder to \$2,000 for administrative convenience.

1.24. Creditor: Any person who has a Claim against the Debtor that arose on or before the Petition Date.

1.25. Debtor and Debtor-in-Possession: StephChris of Missouri, LLC, the debtor-in-possession in this Chapter 11 Case.

1.26. Disputed Claim: Any claim against the Debtor pursuant to Section 502 of the Code that the Debtor has in any way objected to, challenged or otherwise disputed.

1.27. Distributions: The property required by the Plan to be distributed to the holders of Allowed Claims.

1.28. Effective Date: Ten business days after entry of the Confirmation Order.

1.29. Equity or Membership Interest: An ownership interest in the Debtor.

1.30. Estate or Bankruptcy Estate: the estate consisting of all property in which the Debtor has an interest, created pursuant to Section 541(a) of the Bankruptcy Code.

1.31. Executory Contracts: All unexpired leases and executory contracts as described in Section 365 of the Bankruptcy Code.

1.32. Final Order: An order or judgment of the Bankruptcy Court that has not been reversed, stayed, modified or amended and as to which (a) any appeal that has been taken has been finally determined or dismissed, or (b) the time for appeal has expired and no notice of appeal has been filed.

1.33. MWRB: Midwest Regional Bank, the Debtor's SBA lender and primary secured creditor, which holds liens on both the Debtor's real and personal property.

1.34. Petition Date: July 15, 2016, the date the chapter 11 petition for relief was filed.

1.35. Plan: This First Amended Combined Plan and Disclosure Statement, either in its present form or as it may be altered, amended, or modified from time to time.

1.36. Plan Proponent: The Debtor, which has filed this First Amended Combined Plan and Disclosure Statement.

1.37. Priority Tax Claim: Any Claim entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

1.38. Reorganized Debtor: The Debtor after the Effective Date.

1.39. Schedules: Schedules and Statement of Financial Affairs, as amended, filed by the Debtor with the Bankruptcy Court listing liabilities and assets.

1.40. Section 1930 Claim: A fee or charge assessed against the Estate under 28 U.S.C. § 1911-1930

1.41. Secured Creditor: Any creditor that holds a Claim that is secured by property of the Debtor.

1.42. Substantial Consummation: The transfer of substantially all property to be transferred and the commencement of distribution under the Plan, as more fully set out in Section 1101 (2) of the Bankruptcy Code.

1.43. Unsecured Creditor: Any Creditor that holds a Claim in the Chapter 11 case which is not a secured Claim.

ARTICLE II DISCLAIMERS

Bankruptcy Court approval, conditionally or otherwise, does not constitute a determination on the merits of the Plan or guarantee the adequacy or the accuracy of the disclosures herein. No other representations regarding the Plan have been approved by the court.

This Plan has been prepared by Debtor's counsel from information supplied by the Debtor. Although the Debtor believes the information to be accurate, there has been no independent audit of the financial information in this Plan.

Inclusion of information in this Plan does not constitute as an admission of any fact or liability, stipulation or waiver by any party, nor is it admissible in any proceeding involving the Debtor or any other party.

The disclosures herein are not meant to provide advice on the tax, securities or other legal effects of the Debtor's reorganization. You are strongly advised to consult with your own legal and financial advisors regarding your position on the Plan.

ARTICLE III BACKGROUND OF THE DEBTOR

A. The Debtor

The Debtor, a Missouri limited liability company, operates a single retail Dairy Queen store in South St. Louis County. Its sole members are Brian Brown and Laurie Brown, his wife. Mr. and Mrs. Brown have long histories in the accounting arena – Mrs. Brown was a CPA and Mr. Brown previously served as Vice-President – Finance for a publically traded company. They own

Professional Consulting and Management, Inc., an accounting firm which over the years has provided accounting services to a number of fast-food franchisees, including Dairy Queen franchisees. Additionally, Mr. and Mrs. Brown previously have operated Dairy Queen franchises, and currently operate a location in Caseyville, Illinois.

The Debtor acquired an existing but troubled Dairy Queen location in 2010 which subsequently was closed when the franchise for that location expired. Even during that short period, the Browns were able to substantially increase sales at that location.

Debtor then opened its current location on South Lindbergh on December 30, 2011 as a new store. It had been scheduled to open about 4 months earlier, but repeated delays in funding the MWRB loan also delayed the opening. No Dairy Queen had previously operated at that location.

The Debtor owns the building in which it operates and the equipment inside, except for that which is being purchased on installment plans. It employs, depending on the season, approximately 10 full-time and 18 part-time employees. All of its employees are paid by funds earned from the operation of its business. All wages had been paid currently prior to the commencement of this case and remain current as of the date of this Plan.

B. Events Leading to the Chapter 11 filing

Historically, it takes approximately 3-5 years for a new Dairy Queen location to mature and become profitable. However, since its opening, four significant events occurred which seriously delayed its profitability.

1. In September 2013, Brian Brown became ill and was in a coma for a week. It took a long while for him to recover, and he did not fully return to all of his management duties for several months thereafter.

2. On about June 1, 2015, Lindbergh Boulevard, the primary road along which the Debtor is located, closed for construction. Customers could not access the store without taking a detour which was not particularly obvious. The road was completely closed for one month, and then partially impassible for several weeks thereafter, causing substantial losses.

3. During November and December 2014, Lindbergh was closed for parts of several weekends to allow for protest marches on the street, causing substantial losses.

4. Finally, in October 2015, a car crashed through the side of the store into the actual customer dining area. It was boarded up for four months while the parties argued over the responsibility for repairs. Casual observers often thought the store was closed, again causing substantial losses. To illustrate the adverse aspect of this incident, note that revenues for October/November 2016 increased 18% over the same period in 2015 after the car crash.

Fortunately, the Browns' skill and experience allowed the Debtor to survive this string of events. Throughout this entire time period, the Debtor was never more than 30 days late in any of

its payments to Midwest Regional Bank, its SBA lender. When the Debtor remitted its payment for January 2016, the MWRB negotiated the check, but then strangely returned the funds. Despite Debtor's payment record and knowledge of these events, MWRB commenced litigation against it and the guarantors in the Circuit Court of the County of St. Louis, Missouri and thereafter commenced foreclosure proceedings against it in June 2016, resulting in the commencement of this case during July.

Debtor has asserted a counterclaim against MWRB in the state court, which continues to be prosecuted and is an asset of the Debtor's bankruptcy estate.

C. Corrective actions taken and to be taken.

Other than some tweaking of its operations there are no corrective actions to be taken. The debtor simply needs to continue operating its business with no further business disruptions. It filed this Chapter 11 case to afford itself the opportunity the restructure its debts so that it may continue operating.

Due to the uncertainty created by the Lender's litigation, the Debtor has expended very little for advertising and promotions since May 2016. After this Plan is confirmed, it intends to begin monthly advertising programs and coupon distributions, which historically have been found to increase revenue.

Also, the Debtor intends to begin offering breakfast service, which has been successful in other markets and is expected to add to the Debtor's profitability.

ARTICLE IV
SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

Since the Debtor commenced its Chapter 11 Case, it has continued to operate its business and manage its properties as a debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. The following is a brief description of some of the major events occurring since the Petition Date.

A. Stay of Litigation

An immediate effect of the filing of the Chapter 11 Case was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all pre-petition litigation against, and efforts to collect funds from, the Debtor. This injunction remains in effect unless modified or lifted by order of the Bankruptcy Court.

With the consent of the Debtor, MWRB's state court lawsuit continues to be prosecuted and will proceed either to settlement or resolution by the court.

B. Continuation of Business

Following the commencement of the Chapter 11 Case, the Debtor continued to operate its

business as a debtor in possession under the protection of the Bankruptcy Court. The Bankruptcy Court has certain supervisory powers over the Debtor's operations during the Chapter 11 Case, which are generally limited to reviewing and ruling on any objections raised to the Debtor's operations or proposed outside of the ordinary course transactions.

The Debtor must notify parties in interest and obtain Bankruptcy Court approval of any transactions that are outside the ordinary course of business, such as any sale of a major asset of the Debtor. In addition, the Debtor must obtain Bankruptcy Court approval of certain other transactions, such as the borrowing of money on a secured basis or the employment of attorneys, accountants and other professionals. The Debtor has not taken any actions outside the ordinary course of action in this case.

B. Management

Mr. and Mrs. Brown have remained in control of the Debtor since the Petition Date and will continue to own and operate the Debtor after the Effective Date.

C. Representation of Debtor

The Debtor applied for and was granted authorization from the Bankruptcy Court to retain the law firm of Danna McKittrick, P.C. as bankruptcy counsel.

D. Significant Motions

Upon commencement of the case, the Debtor filed various 'first-day' motions, including Debtor's Motion to Pay Employees for pre-petition wages and Debtor's Motion for Use of Cash Collateral. The Court granted Debtor's Motion to Pay Employees and entered an Order giving Debtor authority to incur post-petition financing.

No Creditors Committee has been appointed in this case.

**ARTICLE V
OVERVIEW OF THE PLAN**

A. Classification of Claims and Interests

1. **Inclusion in Classes:** The Plan designates 3 categories and 3 Classes of Claims and Interests. These categories and Classes take into account the differing nature and priority of the various Claims under the Bankruptcy Code. Claims specified in Sections 507(a)(1), 507(a)(2) and 507(a)(8) are not classified, pursuant to Section 1123(a)(1) of the Bankruptcy Code. These Claims are described in the Categories below. All other Claims and Interests are classified into the Classes described below.

2. **Categories:**

- a. Section 1930 Claims.
- b. Administrative Expense Claims

c. Priority Tax Claims.

3. **Classes:**

- a. **Class 1:** Class 1 consists of all allowed Secured Tax Claims held by governmental taxing authorities.
- b. **Class 2a:** Class 2a consists of the Allowed Secured Claim of Midwest Regional Bank.
- c. **Class 2b:** Class 2b consists of the Allowed Secured Claims of equipment lessors against the Debtor
- d. **Class 3:** Class 3 consists of all General Unsecured Claims which fall into the Convenience Class.
- e. **Class 4:** Class 4 consists of all other General Unsecured Claims, including the unsecured portion of the Allowed Claim of Midwest Regional Bank.
- c. **Class 5:** Class 5 consists of the ownership interests of the members of the Debtor.

B. Impairment and Voting

- 1. **Impaired Classes:** Claims in Classes 2b and 3 are impaired and holders of Allowed Claims in these classes are entitled to vote to accept or reject the Plan.
- 2. **Unimpaired Classes:** Claims and Interests in Classes 1, 2a, 4, and 5 are not impaired and holders of Allowed Claims or Interests in those Classes are not entitled to vote to accept or reject the Plan.

C. Treatment of Claims

The following table sets forth the classification and treatment of all Claims and Interests under the Plan and the consideration distributable to such Claims and Interests under the Plan. The information set forth in the following table is for convenient reference only, and each holder of a Claim or Interest should refer to the Plan for a full understanding of the classification and treatment of Claims and Interests provided for under the Plan. The Claim reconciliation procedure is an ongoing process and the actual amount of Allowed Claims may vary from the estimates.

CATEGORY/CLASS	TREATMENT
Section 1930 Claim	Paid in Cash on Effective Date or when otherwise due.
Administrative Expense Claims – Post-petition obligations incurred in the ordinary course of business.	Allowed Claims paid in full in Cash on later of Effective Date or when otherwise due.

Administrative Expense Claim – Professional fees:	Allowed Claim paid in full when allowed by Court or as otherwise agreed.
Priority Tax Claims	Allowed Claims paid in full from Available Cash on a quarterly basis over no more than five years from the Petition Date, with fixed interest of 4% annually.
Class 1 Secured Claims (tax liens)	Allowed Claims paid in full as soon as possible after payment of Priority Tax Claims. Said payments will be made from Available Cash on a quarterly basis over no more than five years from the Petition Date, with fixed interest of 4% annually.
Class 2a Secured Claims (Midwest Regional Bank) based upon MWRB's valuation of collateral at \$1,450,000	Allowed Secured Claims paid in full no later than September 27, 2036, at an interest rate of 2.75% over the Prime Rate.
Class 2b Secured Claims (equipment finance agreements)	See chart below
Class 3 Convenience Claims:	Allowed Claims to receive a single payment from Available Cash of 25% of the Claim within 90 days after the Effective Date or after full payment of the Section 1930 claims
Class 4 - General Unsecured Claims	Allowed Claims paid <i>pro rata</i> share of Available Cash quarterly, commencing after payment of Section 1930 Claims, Administrative Expense Claims, and Convenience Claims until paid in full.
Class 5 - Interests in Debtor	The members of the Debtor shall retain their interests in the Debtor.

All distributions will be made from Available Cash, as defined above. Based upon Debtor's projections attached hereto as Exhibit A, Debtor estimates that holders of General Unsecured Claims will be fully paid in approximately 45 months.

Debtor believes its projections to be conservative, as revenue for the first four months of 2017 grew at 7% over 2016 rather than the 5.5% rate assumed in the projections.

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST POSSIBLE RECOVERIES TO THE HOLDERS OF CLAIMS AND INTERESTS, AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF ALL PARTIES.

ARTICLE VI

Treatment of Allowed Claims and Allowed Interests

1. **Section 1930 Claims:** All Section 1930 Claims incurred prior to the entry of a final decree pursuant to Bankruptcy Rule 3022 shall, if not previously paid in full, continue to be timely paid in Cash. Any amounts due at confirmation are too small to have a material effect on the feasibility of the Plan.

2. **Administrative Expense Claims:** Each holder of an Allowed Administrative Expense Claim, other than those incurred in the ordinary course of business during the Case, shall be paid in full in Cash upon the later of (i) the Effective Date or (ii) the first business day after a Final Order is entered Allowing such Administrative Expense Claim, unless the holder of such Allowed Administrative Expense Claim and the Debtor agree to different treatment.

Allowed Administrative Expense Claims incurred in the ordinary course of business during the Case shall be paid by the Debtor in the ordinary course of its business according to the terms of any agreements relating thereto.

Allowed Administrative Expense Claims incurred for professional fees and costs shall be paid in full in Cash on the first business day after a Final Order is entered Allowing such Administrative Expense Claim, unless the professional and the Debtor agree to different treatment. Debtor estimates the amount of fees incurred through April 30, 2017 to be approximately \$39,000.

After the Confirmation Date, professionals will no longer need to comply with the Bankruptcy Code regarding retention or compensation for services rendered after such date.

3. **Priority Tax Claims:** Each holder of an Allowed Priority Tax Claim shall be paid in full from Available Cash on a quarterly basis over no more than five years from the Petition Date, with annual interest of 4%, compounded daily, with accrual to commence on the Effective Date, unless the holder of such Allowed Unsecured Priority Tax Claim agrees to different treatment. These payments will be completed no later than July 14, 2021, five years from the Petition Date.

Debtor estimates the Priority Tax Claims and monthly payments thereon to be:

IRS (Claim 6-4)	\$77,263.09	Monthly payment	\$1,512.64
MDOR (Claims 2-3)	27,046.94	Monthly payment	529.52
St. Louis County (Claim 9)	2,195.13	Monthly payment	45.98

Note that all unsecured, non-priority tax claims will be treated as Class 4 General Unsecured Claims.

4. **Class 1 Secured Tax Claims:** Each holder of an Allowed Secured Tax Claim shall retain all valid liens and security interests it held against the Debtor prior to the Petition Date. The claim will be paid in full, with annual interest of 4%, compounded daily, with accrual to begin on the Effective Date, out of Available Cash as soon as possible after full payment of the Claims set

forth in paragraphs 1, 2, and 3 above, unless the holder of such Claim and the Debtor agree to different treatment. These payments will be completed no later than July 14, 2021, five years from the Petition Date. Upon the completion of the payments, the holders of Class 1 Secured Claims shall file such documents as may reasonably be required to release their liens.

Debtor estimates the Class 1 Secured Tax Claims and monthly payments thereon to be:

MDOR (Claims 2-3)	\$96,315.66	Monthly payment	\$1,885.65
St. Louis County (Claims 10-11)	45,777.68	Monthly payment	896.22

Note that any payment schedule required by a taxing authority in paragraphs 3 or 4 above will supersede the numbers provided herein.

5. **Class 2a Secured Claims:** MWRB, the holder of the Class 2a Secured Claims, shall be paid the amount of its secured claim of \$1,450,000 in monthly installments according to terms of the existing notes, which include a variable annual interest rate of 2.75% over the Prime Rate and a final payment due date of September 27, 2036.

Debtor's pre-petition monetary defaults, primarily delinquent real estate taxes, on this obligation shall be cured as set forth in this Plan. Only a failure to pay 2017 real estate taxes by December 31, 2018, or any other obligation when due under this Plan shall constitute a monetary event of default in the payment of MWRB under this Plan. Should MWRB choose to declare any event of Default in the Debtor's obligations to it, it shall provide 14 days' written notice to Debtor as set forth elsewhere in this Plan.

The \$1,450,000 valuation of MWRB's collateral is based upon its own valuation. Debtor believes this valuation to be very high. If the Debtor were to be forced out of business and MWRB foreclosed on Debtor's building and equipment, Debtor believes that MWRB would recover only about two-thirds of that amount. The building is a single-use structure, and requires a Dairy Queen approved operator to function. Thus, MWRB would be limited to a small handful of potential purchasers, or would have to sell the collateral cheaply enough for the purchaser to remodel or replace it.

Nonetheless, Debtor is incorporating MWRB's valuation into this Plan. MWRB, the holder of the Allowed Class 2a Secured Claims, shall retain its lien on Debtor's property until the secured claim of \$1,450,000 is fully satisfied, at which time MWRB will promptly take all steps reasonably necessary to release its liens on Debtor real and personal property.

Debtor estimates the monthly payment on the Class 2a Secured Claims to be \$10,561 monthly

6. **Class 2b Secured Claims:** Debtor has purchased much of its equipment from dealers which finance purchases through a variety of well-known equipment finance companies. Although sometimes referred to as leases, these are actually installment financing arrangements by which the Debtor becomes the owner of the equipment, subject to a security interest held by the finance company.

The holders of Class 2b Secured Claims, except for U.S. Bank Leasing, will be paid their

remaining principal balances due on the Petition Date pursuant to the Proofs of Claim they have filed, less post-petition payments, by payments equal to their current monthly installments with interest on the unpaid balance accruing at an annual interest rate of 4%. U.S. Bank Leasing will receive double payments during the six months April through September.

Each holder of a Class 2b Secured Claim shall retain its security interest until the obligation to it has been fully satisfied, but only in the equipment which is the subject of its particular agreement. Any claim of a security interest in any other collateral shall be deemed released upon the Confirmation of this Plan and, upon the Debtor's request, each holder shall execute and file such documents as are required to implement the release. All existing defaults on these obligations shall be deemed cured as of the Effective Date.

The names of the creditors, balances due, payment rate and expected final payment date are:

Creditor	Principal Balance Due on Petition Date	Principal Balance Due on May 1, 2017	Monthly Payment	# Payments Remaining Due	Date of Final Payment
Axis Capital*	\$14,403	\$13,212	\$1,192	11	Jan. 2018
Direct Capital (04V415)	\$16,758	\$ 4,480	\$ 640	7	Nov. 2017
Direct Capital (8599)	\$ 8,044	\$ 6,580	\$ 188	35	Mar. 2020
Financial Pacific	\$10,002	\$ 4,296	\$ 537	8	Dec. 2017
Pawnee	\$ 7,534	\$ 0	N/A	0	N/A
Roanoke Group 1 (sublease)	\$35,794	\$20,605	\$1,585	13	Nov 2018
U.S. Bank** 9797	\$25,810	\$24,570	\$1,170	21	Jan. 2019
U.S. Bank** 9944	\$32,849	\$29,068	\$1,118	26	Jun. 2019

All dollar amounts are rounded. All information is as of 4/30/17. The total monthly payments due on equipment purchases will diminish over time.

*Payments resumed in March 2017.

**Payments resumed in March 2017, with double payments from April through November until arrearage cured.

7. **Class 3 Convenience Claims:** Each Holder of a Convenience Claim shall receive a single payment equal to 25% of its Allowed Claim as soon as all Claims in Categories 1, 2, and 3 are fully paid and there is Available Cash to make the distribution to the holders of Convenience Claims. Debtor estimates that he aggregate amount of convenience claims is only \$4,000.00.

8. **Class 4 General Unsecured Claims:** Each holder of an Allowed Class 4 General

Unsecured Claim will begin receiving quarterly distributions after Allowed Class 1 Claims are paid if there is Available Cash remaining. Payments will continue until all Class 4 claims are fully paid.

The Debtor estimates that the aggregate amount of General Unsecured Claims is \$570,000.00.

9. **Class 5 Allowed Interests in the Debtor:** The members of the Debtor will retain their interests in the Debtor.

10. **Method of Distribution:** The distributions described in Paragraphs 3 through 8 above will be made by disbursing a pro rata share of Available Cash to each holder of a Claim in the category or Class. Distributions will begin 25 days after the conclusion of the first calendar quarter in which the Debtor has Available Cash, and be made quarterly thereafter.

Debtor will make all distributions under this Plan.

ARTICLE VII

Means for Implementation of Plan

1. **Continued Corporate Existence:** Except as otherwise provided in the Plan, the Debtor will continue to exist after the Effective Date as a separate legal entity, the Reorganized Debtor, with all the powers of a Missouri Limited Liability Company under applicable law.

2. **Duration of Plan Payments:** Debtor shall make payments under this plan for a term of 36 months from the Effective Date. During that period, payments shall be made on a quarterly basis. If any claims in paragraphs 1 through 4 of Article VI above have not been paid in full upon the close of the final quarter (or, in the case of Priority and Secured Tax Claims, upon the expiration of five years from the Petition Date), Debtor's principals will obtain the necessary financing to pay any remaining amount due under these claims within 25 days after the close of the final quarter.

3. **Preservation of Rights:** Except as otherwise provided in the Plan or in any other agreement entered into in connection with the Plan, the Reorganized Debtor will retain and may enforce any claims, demands, rights and causes of action that the Debtor or the Estate may hold against any entity, in the sole discretion of the Reorganized Debtor or any successor or assign, including, but not limited to, its claims against MWRB as asserted in the litigation currently pending in the Circuit Court of County of St. Louis, Missouri, as case no. 16SL-CC01969 and any similar claims which may be asserted elsewhere in the future.

4. **Preferential Transfers:** The Debtor will not assert preference or other Avoidance Actions not already pending before the Court upon the approval of this Disclosure Statement against any person or entity. There currently are no Avoidance Actions pending before the Court.

5. **Effectuating Documents and Further Transactions.** The Managing Member of the Debtor and Reorganized Debtor is authorized, to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to implement the terms and conditions of the Plan.

ARTICLE VIII

Provisions Regarding Distributions

1. **Disbursing Agent:** the Post-confirmation management of the Debtor will make all distributions required by this Plan. No Disbursing Agent will be appointed.

2. **Distributions on the Effective Date:** Cash distributions for the payment of all Section 1930 Fees and Allowed Administrative Expense Claims shall be paid by the Debtor on the Effective Date from funds accumulated by the Debtor from its prior operations.

3. **Distributions after the Effective Date:** The distributions to the holders of Allowed Priority Tax Claims, Secured Tax Claims and General Unsecured Claims shall be made quarterly. Distributions will be made within 25 days after the conclusion of each calendar quarter.

4. **Objections to Claims:** An objection to the allowance of a Claim shall be made in writing and must be filed with the Bankruptcy Court by the Debtor or by any other party in interest not more than 30 days after the Effective Date.

As of the filing of this Plan, Debtor does not intend to object to any timely filed claims.

5. **Amendment of Claims:** A claim may be amended prior to the Effective Date only as agreed upon by the Debtor and the holder of such Claim or as otherwise permitted by the Bankruptcy Court and Bankruptcy Rules. After the Effective Date, a Claim may be amended to decrease, but not to increase, the amount thereof.

6. **Disputed Claim Reserve:** When making any distribution under this Plan, the Debtor shall retain sufficient funds to allow it to make a similar distribution to the holder of any Disputed Claim in the event it should become an Allowed Claim.

7. **Distributions to Holders of Formerly Disputed Claims:** Unless another date is agreed on by the Debtor and the holder of a particular Allowed Claim, the Debtor shall, on the later of the Effective Date or the entry of a Final Order by which the Disputed Claim becomes an Allowed Claim, distribute to such holder of such Allowed Claim an amount, in Cash, from the Cash held in reserve for such holder with respect to such formerly Disputed Claim and, to the extent such reserve is insufficient, from Available Cash, equal to that amount of Cash which would have been distributed to such holder on the Effective Date (or on such other date or dates of distribution as provided in the Plan) had such Disputed Claim been an Allowed Claim on the Effective Date.

8. **Excess Reserves.** As each Disputed Claim is resolved, all funds reserved for, but not distributed to, the holder of such Disputed Claim shall be added to Available Cash.

9. **Unclaimed Funds.** In the event that any distribution to the holder of a Claim is returned to the Debtor and remains unclaimed for a period of ninety days after it has been delivered (or after such delivery has been attempted) or otherwise made available in accordance with the Plan to the holder entitled thereto, such unclaimed funds shall, be forfeited by such holder, and become part of the Available Cash.

10. **Full and Final Satisfaction:** All payments and distributions under this Plan shall be in full and final satisfaction, settlement, release and discharge of all Claims.

11. **Disputed Payments:** If any dispute arises as to the identity of a holder of an Allowed Claim who is to receive any distribution, the Debtor may, in lieu of making such distribution to such person, make such distribution into an escrow account until the disposition hereof shall be determined by the Bankruptcy Court or by written agreement among the interested parties to such dispute.

12. **Withholding Taxes:** Any federal or state withholding taxes or other amounts required to be withheld under any applicable law shall be deducted and withheld from any distributions hereunder.

13. **Claims Incurred After the Confirmation Date:** Claims incurred after the Confirmation Date shall not be subject to application or proof of claim and may be paid by the Debtor in the ordinary course of business without further Bankruptcy Court approval.

14. **Governing Law:** Except to the extent the Code or Bankruptcy Rules are applicable, the rights and obligations arising under this Plan shall be governed by and construed and enforced in accordance with, the laws of the State of Missouri.

ARTICLE IX

Executory Contracts and Unexpired Leases

Assumption. The Debtor has no Executory Contracts or unexpired leases other than the above-described leases on certain specified pieces of equipment and Debtor's franchise agreement with International Dairy Queen ("IDQ"), dated December 30, 2011 (the "Franchise Agreement"). All of the leases are of the "rent to own" variety in that none of the items need be returned to the Lessor at the termination of the lease. All of the existing leases expire on their own terms within the repayment period of this Plan.

Any arrearages due on existing leases will be satisfied by adding regular monthly payments to the end of the lease term until the arrearages are cured, or as otherwise agreed by the Creditor.

Any monetary defaults under the Franchise Agreement (the "Cure Amount") shall be satisfied pursuant to Code Section 365(b)(1). IDQ advises that the Cure Amount is \$28,029.45, which shall be satisfied with monthly payments of \$1,200 for 12 months after the Effective Date

and then monthly payments of \$2,000 for the next 6+ months until fully paid.

All of Debtor's executory contracts and unexpired leases as of the Petition Date which have not specifically been assumed or rejected pursuant to Section 365 of the Bankruptcy Code or otherwise assumed pursuant to this Plan, including specifically the Franchise Agreement, shall be deemed assumed on the Effective Date.

ARTICLE X

Conditions Precedent to Confirmation and Consummation of the Plan

1. **Confirmation:** The Bankruptcy Court has entered a Confirmation Order reasonably acceptable in form and substance to the Debtor.
2. **Effective Date:** None.

ARTICLE XI

Effect of Confirmation

1. **Binding Effect:** Confirmation of the Plan binds the Debtor and all Creditors, whether or not they accept the Plan, to its terms. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of, the successors or assigns of such entity.
2. **Vesting of Assets in the Reorganized Debtor:** As of the Effective Date, all property of the Estate will vest in the Reorganized Debtor, free and clear of all Claims, liens, or other encumbrances, except as specifically set forth in the Plan. On and after the Effective Date, the Reorganized Debtor may operate its business, use, acquire, and dispose of its property, and settle or compromise any Claims without supervision or approval by the Bankruptcy Court and free of the restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or Confirmation Order.
3. **Discharge.** Confirmation of the Plan discharges the Debtor and Reorganized Debtor from all debts arising before the Confirmation Date, pursuant to Section 1141(d)(1) of the Bankruptcy Code except that the interests held by them members of the Debtor will not be terminated.
4. **Release of Liens:** Except as otherwise provided in the Plan or in any other agreement entered into in connection with the Plan, all liens, security interests and other encumbrances against Estate property will be fully released and discharged as of the Effective Date, and all of the rights and interests of the holders of such liens, security interests, and other encumbrances shall vest in the Reorganized Debtor, its successors and assigns.
5. **Further Actions.** Pursuant to Section 1142(b), the Confirmation Order shall

operate as an order of the Court directing the Debtor and any other necessary parties to execute and deliver, or join in the execution and delivery, of any instrument required to perform any act that is necessary for the consummation of this Plan.

6. **Injunction:** As of the Effective Date, all entities that have held, currently hold, or may hold any Claims or Interests that are fully satisfied and released pursuant to the Plan are permanently enjoined from taking any actions against any released entity or its property on account of such Claims or Interests, including (a) commencing or continuing any action or other proceeding; (b) enforcing in any manner any judgment, award or decree; (c) creating, perfecting or enforcing any lien or other encumbrance; (d) asserting a right of setoff, subrogation or recoupment of any kind against any debt, liability, or obligation due to any released entity; and (e) commencing or continuing, in any manner, any action that does not comply with or is inconsistent with the provisions of the Plan. Upon Confirmation of the Plan, each such holder is deemed to be bound by this injunction.

7. **Tax Consequences of the Plan:** Creditors and Equity Interest Holders concerned with how confirmation of the plan may affect their tax liability should consult with their own accountants, attorneys, and/or other advisors.

ARTICLE XII

Post-Confirmation Management

The Post-Confirmation Manager of the Reorganized Debtor, and his compensation, shall continue to be Brian Brown, who will begin drawing a monthly salary of \$3,000 commencing on the Effective Date.

ARTICLE XIII

Feasibility of Plan

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

1. **Ability to Initially Fund Plan:** The Plan Proponent believes that the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the Claims and expenses that are entitled to be paid on that date. As Debtor comes out of the winter season, cash flow should not be a problem. Additionally, Debtor's year-to-date performance has exceeded expectations.

2. **Ability to Make Future Plan Payments and Operate Without Further Reorganization:** The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are included in Exhibit B.

3. Risk Factors: There are no particularly unusual risk factors present in this case. Common risks which might cause a problem with funding distributions to be made under the Plan would include:

- a. Weather. The retail ice cream business obviously is weather dependent. Cool summers might decrease sales; mild winters might increase them. Debtor's addition of breakfast to its menu will serve to mitigate the effect of winter on sales.
- b. Management. The success or failure of a fast food outlet depends upon good management, as profit margins are tight in this industry. Debtor does a good job managing this business, as indicated by the fact that it survived the calamities described in Article III B and is still able to fund this Plan.
- c. Unforeseen circumstances. It is hard to imagine that more problems of unforeseen cause might afflict the Debtor, but it certainly is possible.

The Debtor expects that good management on the expense side and the introduction of advertising and breakfast to its business operations on the income side will prevent the need for any future liquidation of this business.

ARTICLE XIV

Liquidation Valuation

To confirm the Plan, the Bankruptcy Court must find that all Creditors and Equity Interest holders who do not accept the Plan will receive at least as much under the Plan as such Claimants and Equity Interest holders would receive in a Chapter 7 liquidation. A liquidation analysis in this case is quite straightforward. Midwest Regional Bank holds a "wall-to-wall" lien on Debtor's real and personal property. It is owed approximately \$1,800,000 against an appraised value of \$1,450,000. Thus, any liquidation of the debtor would be insufficient to satisfy the Debt to Midwest Regional Bank and there would be no distribution to unsecured creditors.

NOTE: Any recovery on the counterclaim pending against MWRB shall be applied first, to reduce the balance due on the secured portion of its Secured Claim, \$1,450,000, second, to reduce its unsecured claim, and finally, to be added to Available Cash until all creditors are paid in full with interest from the Effective Date at the rate of 3% annually.

ARTICLE XV

General Provisions

1. Modification of Plan: The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Bankruptcy Court may require a new disclosure statement and/or re-voting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Bankruptcy Court confirms the Plan as modified.

2. Request for Confirmation. To the extent necessary, the Debtor hereby requests the Court to enter an Order confirming the Plan.

3. Cram-Down. If any impaired Class under the Plan in accordance with Sections 1126 and 1129(a)(8) of the Bankruptcy Code fails to accept the Plan, the Debtor reserves the right to request the Bankruptcy Court to confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code and to cause such modification of the Plan as is necessary to enable the Plan to provide treatment of claims to satisfy the requirements of Section 1129(b) of the Bankruptcy Code.

4. Exculpation. None of the Reorganized Debtor, the Creditors' Committee or any of their respective members, officers, directors, employees, attorneys, advisors or agents shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, or arising out of, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan except for willful misconduct or gross negligence, and, in all respects, the Reorganized Debtor, the Creditors' Committee and each of their respective members, officers, directors, employees, attorneys, advisors and agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

5. Notices. Any notice required or permitted to be provided under the Plan shall be in writing and served by either (a) first-class mail, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, all charges prepaid, to be addressed as follows:

To the Debtor:

StephChris of Missouri, LLC.
14 Park Place, Suite D
Swansea, IL 62226
Attn: Brian Brown

with copies to:

A. Thomas DeWoskin
Attorney at Law
7701 Forsyth Blvd., Suite 800
St. Louis, Missouri 63105

6. Severability: If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

7. Captions: The headings contained in this Plan are for convenience of reference

only and do not affect the meaning or interpretation of this Plan.

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

9. Effect of Conversion. Should the case be converted to one under Chapter 7 of the Bankruptcy Code after the Confirmation Date but before substantial consummation, all property of the Reorganized Debtor at the time of conversion will vest in the Chapter 7 Estate.

(Signatures on next page)

Dated: May 17, 2017

STEPHCHRIS OF MISSOURI, LLC

DANNA MCKITRICK, PC

By: /s/ Brian D. Brown
Brian D. Brown, its Managing Member

By: /s/ A. Thomas DeWoskin
A. Thomas DeWoskin, #25320MO
7701 Forsyth Blvd., Suite 800
St. Louis, MO 63105
(314) 726-1000/(314) 725-6592 (fax)
tdewoskin@dmfirm.com

DEBTOR AND DEBTOR-IN-POSSESSION

ATTORNEYS FOR DEBTOR AND
DEBTOR-IN-POSSESSION

14916-0116: StephChris of Missouri, LLC/Workout: 1740673_2.docx