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8 UNITED STATES BANKRUPTCY COURT
9 DISTRICT OF NEVADA

10 In re:
11 STERLING ENTERTAINMENT
GROUP LV, LLC,
12 Debtor.

Case No. 17-13662-abl
Chapter 11

Hearing Date: December 27, 2017
Hearing Time: 1:30 p.m.

13
14 **DEBTOR’S MOTION FOR USE OF CASH COLLATERAL**

15 Sterling Entertainment Group LV, LLC (“Debtor”) files this motion (the “Motion”),
16 pursuant to Sections 105(a), 361 and 363 of title 11 of the United States Code (the “Bankruptcy
17 Code”), Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the
18 “Bankruptcy Rules”), and Local Rule 4001 of the Local Rules for the United States Bankruptcy
19 Court for the District of Nevada (the “Local Rules”) for the entry of an order (the “Cash Collateral
20 Order”) authorizing the Debtor’s use of cash, which may comprise cash collateral, (ii) finding that
21 the interests of any purportedly secured party are adequately protected, and (iii) granting related
22 relief or (b) alternatively, authorizing the Debtor to surcharge the prepetition collateral.

23 This Motion is supported by the following legal authority, the attached Exhibits, the
24 Declaration of Amadouba Tall (the “Tall Declaration”), and all pleadings and papers in file.

1 **I. INTRODUCTION**

2 Debtor owns the Olympic Garden Gentlemen's Club and the real property associated with
 3 it. The Club is currently not operational and does not generate any cash flow for the Debtor. The
 4 Club and the real property incur monthly expenses. Debtor requires the use of cash collateral from
 5 rents generated from its commercial tenants to pay these expenses, which include utilities,
 6 insurance premiums, licensing preservation fees, and property maintenance expenses. Debtor also
 7 seeks to use cash collateral to pay administrative expenses including quarterly US Trustee fees and
 8 attorney's fees approved by this Court. Debtor seeks authorization to use cash collateral from its
 9 leases to pay these expenses which are necessary to preserve and protect the value of the estate
 10 assets for the benefit of all creditors, including the secured creditor.

11 Debtor proposes to use cash collateral in accordance with its budget, attached as **Exhibit 1**.

12 The following table summarizes the use of the cash collateral through May of 2018:

Expense	December	January	February	March	April	May
Utilities (water, electricity, sewer, gas)	\$5,000	\$0	\$0	\$0	\$0	\$0
Property Insurance	\$5,000	\$0	\$0	\$0	\$0	\$0
License Preservation Fee	\$7,500	\$7,500	\$7,500	\$0	\$0	\$0
Property Maintenance	\$1,500	\$0	\$0	\$0	\$0	\$0
Us Trustee Fees	\$325	\$0	\$0	\$325	\$0	\$0
Legal Fees ¹ (projected)	\$150,000 (accrued from petition)	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000

20 Debtor generates \$6,000 per month in lease revenues from a commercial tenant, Boston
 21 Pizza. Debtor has a proposed lease, pending Court approval, with Garden Variety Investment
 22 Holdings, LLC ("GVIH") which would generate at a minimum, \$65,000 per month in additional
 23

24 ¹ Debtor's counsel has not yet sought approval of fees and costs under 11 U.S.C. § 330. Upon approval of fees by this Court, Debtor, by this motion, seeks authority to pay such approved fees with rents generated from its commercial leases.

1 lease revenues. Should the proposed lease be approved, Debtor’s monthly lease revenues would
2 be \$71,000². Additionally, should the lease with GVIH be approved, Debtor’s expenses would
3 decrease as it would no longer be responsible for payment of utilities and general property
4 maintenance, in addition to an anticipated decrease in its insurance liability premiums. Debtor also
5 anticipates the expenses associated with preserving the current sexually oriented business license
6 ending in February, allowing GVIH ample time to obtain a license from the City of Las Vegas.

7 The secured debt on the real property is \$8,500,000. The property was appraised in 2015
8 by CBRE for \$12,060,000. As the value of the property exceeds the secured debt, the secured
9 lender is over secured and adequately protected. Furthermore, the uses for which the cash
10 collateral is requested benefit the secured creditor by protecting the value of the real property. As
11 such, the Debtor’s use of cash collateral benefits the secured creditor, as well as all creditors by
12 maintaining the Debtor’s operations, and is appropriate in this case.

13 **II. JURISDICTION**

14 1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and
15 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

16 2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

17 **III. BACKGROUND**

18 3. On July 6, 2017 (“Petition Date”), Debtor filed its petition for relief under the
19 Bankruptcy Code. [Dkt. No. 1].

20 4. Debtor owns the Olympic Garden Gentlemen’s Club (the “Club”) located at 1531
21 Las Vegas Boulevard, Las Vegas, Nevada 89104 (the “Property”) as well as the real property

22 _____
23 ² This amount does not include a monthly rent payment from AT&T in the amount of \$900 for a cell tower lease. The
24 cell tower lease was entered into by The Eliades Family Trust in March of 2002. Debtor understands that these
payments were continuously made to Pete Eliades, as late as April of 2017. Debtor has never received these payments
from AT&T and is diligently working with AT&T to understand where the payments are being made and recovery of
the same.

1 associated with the Club. See Declaration of Amadouba Tall (“Tall Declaration”), filed
2 contemporaneously with this Motion, at ¶ 3.

3 5. Debtor is indebted to Aristotle Holdings Limited Partnership (“Aristotle”) for the
4 purchase of the Property.

5 6. The purchase was funded from a loan by Aristotle to Sterling (the “Loan”). The
6 Loan is evidenced by a Promissory Note (the “Note”) between Debtor and Aristotle dated July 22,
7 2015. A true and correct copy of the Note is attached as **Exhibit 2**.

8 7. The Note is secured by a Deed of Trust (“DOT”) between Debtor and Aristotle
9 dated July 22, 2015. A true and correct copy of the DOT is attached as **Exhibit 3**.

10 8. The Loan and the Note are further secured by that certain Security Agreement
11 between Debtor and Aristotle executed on July 22, 2015. A true and correct copy of the Security
12 Agreement is attached as **Exhibit 4**.

13 9. Prior to the sale of the real property, the Debtor commissioned CBRE, Inc.
14 (“CBRE”) to appraise the real property. CBRE concluded the value of the real property to be
15 \$12,060,000 (the “Appraised Value”). The Appraised Value contained in the report was for the
16 real property only and did not include any value for inventory, FF&E, any vehicles, goodwill or
17 intangible assets. A true and correct copy of the Appraisal is attached as **Exhibit 5**.

18 10. Debtor and GVIH entered into a lease (“GVIH Lease”) under which GVIH will
19 operate the Club and be obligated to pay rents and other charges to Debtor. The GVIH Lease is
20 contingent upon Court approval. [Dkt. No. 59].

21 11. The GVIH Lease requires a monthly rental payment of \$65,000 per month and
22 additional rent escalators should the operator hit certain gross revenue benchmarks. [Dkt. No. 60].

23 12. The GVIH Lease also requires GVIH, as operator, to pay utilities, property taxes,
24 and commercial liability insurance for the Property. *Id.*

1 13. Aristotle opposes Debtor entering into the GVIH Lease and the Court set the matter
2 for a one-day evidentiary hearing on December 21, 2017. [Dkt. No. 70].

3 14. Debtor also owns commercial space located at 1507 Las Vegas Boulevard South,
4 Las Vegas, Nevada 89104 and rents it to a commercial tenant, Boston Pizza. Upon Debtor's
5 information and belief, the Boston Pizza's tenancy dates back almost twenty years, prior to
6 Debtor's acquisition of the real property. Tall Declaration, at ¶ 4.

7 15. Prior to Debtor's acquisition of the Property, Aristotle and Boston Pizza entered
8 into a lease, whereby Boston Pizza was paying \$2,000 per month in rents. A true and correct copy
9 of the Lease Agreement between Aristotle and Boston Pizza is attached as **Exhibit 6**.

10 16. As of October 1, 2017, Debtor and Boston Pizza entered into a new lease under
11 which Boston Pizza would pay \$6,000 per month in rents. Tall Declaration, at ¶ 5.

12 17. The Debtor currently has an insurance policy on the Property for commercial
13 general liability and property insurance. These insurance policies expire on December 16, 2017
14 and must be renewed. Tall Declaration, at ¶ 6.

15 18. On or around November 20, 2017, water pipes were damaged by vandals
16 potentially looking to steal copper from the Property. The damaged pipes leak and must be
17 repaired before water can be restored to the Property. Further, Debtor recently discovered a
18 broken window requiring replacement or repair. True and correct copies of pictures of the water
19 leak, pipe damage and broken window are attached and identified as **Exhibit 7**.

20 19. The Debtor requires the use of cash collateral, which may be comprised of the
21 rental income from GVIH and Boston Pizza, to pay for: (a) the costs of operating its business, and
22 (b) the costs of administration of the Debtor's chapter 11 case, including Debtor's attorneys' fees
23 and U.S. Trustee's fees. See Tall Declaration at ¶ 7.

24

1 20. As stated in the Tall Declaration and in accordance with the proposed budget, the
2 Debtor depends on the revenues from the business, in part, to maintain its business operations and
3 all other necessary expenses for the business, such as payment of utilities prior to approval of the
4 GVIH Lease, payments to preserve necessary licensing for the business until the licenses can be
5 transferred or otherwise obtained by GVIH, property insurance premiums, and maintenance costs
6 for the building and Property. The Debtor anticipates that over the next six months, the revenues
7 generated will be sufficient to maintain and fund the expenses of the business. The Debtor will be
8 unable to maintain its business which will cause substantial harm to the estate, however, if it is
9 denied the ability to use cash collateral. *See* Tall Declaration at ¶ 8.

10 21. Debtor's counsel reached out to Aristotle's counsel to obtain consent to use cash
11 collateral for the limited purpose of paying utilities and preserving the sexually oriented business
12 license, but Aristotle's counsel refused to allow such request without explanation. Aristotle has
13 since filed a Notice of Nonconsent of Use of Cash Collateral. [Dkt. No. 82].

14 **IV. ARGUMENT**

15 **Relief Requested**

16 The Debtor seeks entry of an order (a)(i) authorizing the Debtor's use of cash, whether or
17 not such constitutes Cash Collateral, (ii) finding that the interests of Aristotle are adequately
18 protected, and (iii) granting related relief or (b) alternatively, authorizing the Debtor to surcharge
19 the prepetition collateral. Specifically, the Debtor proposes that the Court authorize the use of
20 Cash Collateral in accordance with proposed Order attached as **Exhibit 8**, which, in summary,
21 provides for the following:

- 22 a. The Debtor may use cash collateral in accordance with the Budget,
23 provided, that for any expenditure line item provided in the Budget in any
24 given month, the Debtor may use cash collateral in excess of such amount
set forth in the Budget, so long as the percentage deviation for all
expenditures during such month shall not exceed 15%, in the aggregate, of

1 the total amount set forth in the budget for all expenditures. The Budget
2 provides for payment of postpetition operating expenses and expenses of
3 administrating the Chapter 11 Case including, mainly, costs and expenses
4 necessary to maintain and operate the business, other expenses in respect of
5 the Debtor’s day-to-day operations, and professional fees and expenses
6 associated with the administration of this chapter 11 case.

7 **A. The Proposed Use of Cash Collateral Is Appropriate and Should Be Authorized**

8 Section 363(c)(2) of the Bankruptcy Code sets forth the requirements for a debtor’s
9 proposed use of cash collateral, and provides, in pertinent part that:

10 [t]he trustee [or debtor in possession] may not use, sell, or lease cash collateral ...
11 unless – (A) each entity that has an interest in such cash collateral consents; or
12 (B) the court, after notice and a hearing, authorizes such use, sale, or lease in
13 accordance with the provisions of this section.

14 11 U.S.C. § 363(c)(2). Section 363(a) of the Bankruptcy Code defines “cash collateral” as:

15 [C]ash, negotiable instruments, documents of title, securities, deposit accounts, or
16 other cash equivalents whenever acquired in which the estate and an entity other
17 than the estate have an interest and includes the proceeds, products, offspring,
18 rents, or profits of property . . . subject to a security interest as provided in section
19 552(b) of this title, whether existing before or after the commencement of a case
20 under this title[.]

21 11 U.S.C. § 363(a).

22 Section 105(a) of the Bankruptcy Code also allows that “[t]he court may issue any order,
23 process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy
24 Code].” 11 U.S.C. § 105(a).

The Debtor respectfully submits that the proposed use of cash collateral is necessary to
preserve the Debtor’s business during the chapter 11 case, and will avoid immediate and
irreparable harm to the Debtor’s estate and creditors. Such use prejudices no one; it affirmatively
and directly benefits the estate and creditors by enhancing the prospects of a successful outcome of
the chapter 11 case and maintaining the privileged licenses, which in turn increases the value of the

1 Property. The Debtor's use cash collateral to pay insurance premiums, utilities, licensing
2 preservation fees, maintenance expenses and other necessary expenses to fund the cost of
3 administering this chapter 11 case is essential to the preservation of the real property, its value and
4 the continued operation of the Debtor's business and this reorganization.

5 Payment of these expenses is in the best interest of Aristotle, as well as all other secured
6 and unsecured creditors, as they preserve the value of the estate. The payments for licensing
7 preservation ensure that the Sexually Oriented Business ("SOB") license does not expire. As this
8 Court is aware, the Club must operate once every 30 days in order to preserve the SOB license and
9 the zoning entitlements for the Property. Should the SOB license expire, another one cannot be
10 obtained for the Property. Moreover, payment of the utilities is necessary to ensure the Club can
11 open each month for such preservation. Additionally, payment of insurance premiums benefits all
12 parties as it insures the Property in case of fire or casualty and provides for reduced liability upon
13 the estate. Property maintenance payments must be made for things such as fire inspections,
14 sprinkler inspections, and other routine maintenance for the Property to ensure that the Property is
15 up to City Code and able to be operable for the openings each month.

16 The Debtor currently projects that ordinary and anticipated cash flows will be able to cover
17 expenses for the foreseeable future. Thus, upon receiving authorization to use cash collateral, the
18 Debtor can continue to run its business successfully. Without such authorization, the detrimental
19 result to the estate will be rapid and ultimately disastrous given the nature of the Debtor's business.

20 **B. Secured Creditors are Adequately Protected**

21 Adequate protection under the Bankruptcy Code is designed to protect the secured lender
22 from diminution in the value of its interest in the collateral as a result of a debtor's proposed use or
23 disposition of such collateral. The legislative history of section 361 of the Bankruptcy Code makes

1 clear that bankruptcy courts are given broad flexibility in deciding what constitutes adequate
2 protection on a case-by-case basis. Specifically, the legislative history provides:

3 This section specifies the means by which adequate protection may be provided. It
4 does not require the court to provide it. To do so would place the court in an
5 administrative role. Instead, the trustee or debtor in possession will provide or
6 propose a protection method. If the party that is affected by the proposed action
7 objects, the court will determine whether the protection provided is adequate. The
8 purpose of this section is to illustrate means by which it may be provided and to
9 define the contours of the concept.

10 H.R. Rep. No. 95-595, at 338, 95th Cong., 1st Sess. (1977); *see also Resolution Trust Corp. v.*
11 *Swedeland Dev. Group, Inc. (In re Swedeland Dev. Group, Inc.)*, 16 F.3d 552, 564 (3d Cir. 1994)
12 (“[A] determination of whether there is adequate protection is made on a case by case basis.”).

13 The general purpose of adequate protection is to safeguard the interest of the secured
14 creditor in the particular collateral against diminution in the value of such interest had the
15 bankruptcy not intervened. *In re Las Vegas Monorail Co.*, 429 B.R. 317, 326 (Bankr. D. Nev.
16 2010) (“The general purpose of adequate protection is to ensure that the secured creditor ultimately
17 receives what it would have received had not bankruptcy intervened. Although stripped of the right
18 to immediate possession of its property, the creditor receives assurances that the value it could
19 have received through foreclosure will not decline.”)(internal quotations omitted).

20 Nevertheless, the “Court is not obligated to protect the creditor better than it did itself when
21 making the loan and obtaining security.” *In re Heatron, Inc.*, 6 B.R. 493, 496 (Bankr. W.D. Mo.
22 1980). The interest to be protected by virtue of the adequate protection requirement is the lesser of
23 the amount of the debt or the value of assets securing the debt as of the Petition Date. *See In re*
24 *Alyucan Interstate Corp.*, 12 B.R. 803, 808 (Bankr. D. Utah 1981) (“[T]he ‘interest in property’
entitled to protection is not measured by the amount of the debt but by the value of the lien.”). The
Debtor has the burden of proof on the issue of adequate protection. See 11 U.S.C. § 363(p)(1).

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a. Secured Creditors are Adequately Protected by a Substantial Equity Cushion

“Although the existence of an equity cushion as a method of adequate protection is not specifically mentioned in § 361, it is the classic form of protection for a secured debt justifying the restraint of lien enforcement by a bankruptcy court.” *In re Mellor*, 734 F.2d 1396, 1400 (9th Cir. 1984). It is widely accepted that an equity cushion created by excess security over debt without anything more constitutes adequate protection. *In re Curtis*, 9 B.R. 110, 112 (Bankr. E.D. Pa. 1981). Courts have found equity cushions ranging from 10-20% sufficient to constitute adequate protection. *In re Mellor*, 734 F.2d at 1401 (finding a 20% equity cushion adequately protected secured creditor); *See also In re McGowan*, 6 B.R. 241, 243 (Bankr. E.D. Pa. 1980) (holding a 10% cushion is sufficient to be adequate protection); *In re Rogers Development Corp.*, 2 B.R. 679, 685 (Bankr. E.D. Virg. 1980) (court decided that an equity cushion of approximately 15% to 20% was sufficient adequate protection to the creditor, even though the debtors had no equity in the property).

In the present case, Aristotle is adequately protected by virtue of the equity cushion in the Property. Aristotle has never challenged the existence of an equity cushion and included prepetition attorney’s fees in its proof of claim, evidencing its reasoning that it is an oversecured creditor. *See* Proof of Claim No. 11. The Property was appraised in 2015 at \$12,060,000. The appraisal was based solely on the value of the real property and did not take into account any leases, business revenues, inventory, or FF&E. Aristotle is owed \$8,500,000. Thus, there is a \$3,500,000 million dollar, or a 41%, equity cushion in the real property. Therefore, Aristotle’s interests are adequately protected.

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1 **b. Secured Creditors are Adequately Protected by the Debtor's Continued**
2 **Operation of Its Businesses**

3 Courts have routinely held that adequate protection may be demonstrated by a showing that
4 the going concern value of the debtor's, or the value of the lender's collateral, is preserved by the
5 debtor's continuing operations and use of cash collateral. *See, e.g., In re JKJ Chevrolet, Inc.*, 117
6 F.3d 1413, 1413 (4th Cir. 1997) (allowing use of cash collateral to operate automobile dealership
7 as long as continued operations maintained the value of the business); *In re Snowshoe Co., Inc.*,
8 789 F.2d 1085, 1087-89 (4th Cir. 1986) (allowing use of cash collateral to operate ski resorts
9 where trustee reported that ski resort would lose 50% to 90% of its fair market value if it ceased
10 operations); *In re 499 W. Warren St. Assocs., Ltd. P'ship*, 142 B.R. 53, 56-57 (Bankr. N.D.N.Y.
11 1992) (finding secured creditor's interest in collateral adequately protected when cash collateral
12 was applied to normal operating and maintenance expenditures on collateral property); *In re*
13 *Constable Plaza Assocs., L.P.*, 125 B.R. 98, 105 (Bankr. S.D.N.Y. 1991) (debtor entitled to use
14 cash collateral to operate and maintain office building, thereby protecting secured lender's
15 collateral).

16 In the present case, Aristotle is adequately protected by virtue of the Debtor's continued
17 operation of its business and the expenditure of cash on maintaining its business and the value of
18 the Property. Debtor's proposed use of cash collateral to maintain the privileged licenses, and to
19 pay necessary expenses such as utilities, insurance premiums, routine property maintenance
20 expenses, and administrative expenses for the costs of administering the bankruptcy estate
21 maintains and/or increases the value of the Property for the benefit of Aristotle and all creditors.
22 In stark contrast to a going concern, in a liquidation or foreclosure scenario the value of the
23 Debtor's business and the real property will be severely impacted. Even under the most
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1 conservative multiples for going concern value, going concern value generally exceeds liquidation
2 value.

3 Accordingly, expenditures of cash collateral to preserve and maintain the underlying
4 Property value provide additional adequate protection to a secured creditor. *See, e.g., In re 499 W.*
5 *Warren St. Assocs., Ltd. P'ship*, 142 B.R. 53, 56-57 (Bankr. N.D.N.Y. 1992) (finding secured
6 creditor's interest in collateral adequately protected when cash collateral applied to normal
7 operating and maintenance expenditures on collateral property); *In re Willowood East Apartments*
8 *of Indianapolis II, Ltd.*, 114 B.R. 138, 143 (Bankr. S.D. Ohio 1990) (finding secured creditor's
9 interest in assigned rents extended only to net rents after payment of ordinary, necessary expenses
10 required to maintain and operate the property to preserve its value.). Thus, it is essential to the
11 maintenance of the Debtor's business that the Property value is maintained and that Debtor's
12 operations as a going concern continue.

13 Without the ability to use cash collateral, the Debtor will be unable to maintain the value of
14 the Property. Moreover, without the use of cash collateral, the Debtor would be forced to cease its
15 business operations to the detriment of the Debtor's estate, its creditors and other parties in
16 interest. *See, e.g., In re Aqua Assocs.*, 123 B.R. 192, 196 (Bankr. E.D. Pa. 1991) ("The important
17 question, in determination of whether the protection to a creditor's secured interest is adequate, is
18 whether that interest, whatever it is, is being unjustifiably jeopardized.") (citing *In re Grant Broad.*
19 *of Philadelphia, Inc.*, 71 B.R. 376, 386-89 (Bankr. E.D. Pa. 1987), *aff'd*, 75 B.R. 819 (E.D. Pa.
20 1987), and *In re Alyucan Interstate Corp.*, 12 B.R. at 809-12); *accord In re Triplett*, 87 B.R. at 27
21 ("[R]estriction of the use of cash collateral should only occur where the facts show that failure to
22 restrict use may 'impair' the creditor and deny the creditor adequate protection.").

23 Accordingly, the interests of Aristotle (as well as those of the Debtor's other creditors and
24 parties in interest) will be best served by permitting the Debtor's use of cash, including cash

1 collateral to preserve and maintain the Property and its value. This will allow the Debtor to
2 operate and maximize the value of its bankruptcy estate for its creditors.

3 **c. Grant of Replacement Liens Provides Adequate Protection to Secured Lender.**

4 The Debtor anticipates generating positive cash flow from operating its business should its
5 proposed lease of Club operations with GVIH be approved. Thus, new cash will become available
6 for replacement liens at a greater rate than the cash is spent. This form of adequate protection is
7 commonplace. *See* 11 U.S.C. § 361(2) (providing for replacement liens as a form of adequate
8 protection); *MBank Dallas, N.A. v. O'Connor (In re O'Connor)*, 808 F.2d 1393, 1396-98 (10th
9 Cir. 1987) (allowing the debtor to replace a lien on cash with a lien on property likely to be worth
10 five times as much); *In re Center Wholesale, Inc.*, 759 F.2d 1440, 1450 (9th Cir. 1985) (observing
11 that a lien on additional property of the debtor would likely constitute adequate protection for the
12 secured creditor). Therefore, adequate protection to Aristotle can be provided and maintained
13 through a grant of post-petition replacement liens and security interests to the extent of any
14 diminution in value of the Prepetition Collateral (the “Adequate Protection Liens”).

15 **d. Limitation on Grant of Adequate Protection Liens and Reservation of Rights**

16 The request for relief herein should not be construed as an admission by the Debtor as to
17 the validity and enforceability of any of liens and the Debtor is not waiving its right to challenge
18 the extent, priority, or validity of any lien secured by the Debtor’s assets or any right to avoid any
19 lien secured by the Debtor’s assets pursuant to sections 542 and 551 of the Bankruptcy Code.
20 Additionally, the Debtor is not waiving the right to dispute the issue of what portion, if any, of its
21 funds constitute cash collateral or the right to dispute the debt or lien of any other creditor.

22 Furthermore, as stated herein, the grant of adequate protection, including the grant of
23 Adequate Protection Liens, should be limited to the diminution of the value of Aristotle’s
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1 collateral, and solely to the extent that Aristotle establishes valid and fully perfected liens in such
2 collateral.

3 **Alternative Relief:**
4 **The Need to Surcharge the Prepetition Collateral if**
5 **the Debtor is Not Granted Use of Cash Collateral**

6 Section 506(c) of the Bankruptcy Code allows a debtor in possession to surcharge a
7 secured creditor for expenses incurred in preserving, protecting, enhancing the value of, or
8 disposing of the secured creditor's collateral. *See* 11 U.S.C. § 506(c). To recover under section
9 506(c) of the Bankruptcy Code, the debtor in possession must make payments on account of
10 reasonable and necessary expenses primarily to protect, preserve, enhance the value of, or dispose
11 of collateral, which payments provide a "direct and quantifiable benefit" to the secured creditor.
12 *See In re Compton Impressions, Ltd.*, 217 F.3d 1256, 1262 (9th Cir. 2000) (allowing the debtor to
13 surcharge the secured creditor for legal fees to the extent that debtor's counsel assisted in the sale
14 of the collateral property); *In re Orfa Corp. of Philadelphia*, 149 B.R. 790 (Bankr. E.D. Pa. 1993),
15 vacated on other grounds, 1994 WL 163666 (E.D. Pa. April 26, 1994) (allowing the trustee to
16 surcharge the secured creditor for its services to the degree that its services protected the value of
17 the secured creditor's collateral); *In re Cann & Saul Steel Co.*, 86 B.R. 413, 418 (Bankr. E.D. Pa.
18 1988) (allowing professional fees that benefited the secured creditor to be surcharged against its
19 collateral).

20 Debtor's proposed use of cash collateral provides a direct and quantifiable benefit to the
21 secured creditor by preserving the value of the Property. Without the SOB license, the value of the
22 Property is severely diminished to the direct detriment of Aristotle as the secured creditor.
23 Moreover, payment of the Property's utilities is necessary for the preservation of the SOB license
24 and similarly provide a direct benefit to the secured creditor. Payment of insurance premiums
insuring the property in case of damage and liability also provide a direct benefit to the secured

1 creditor by maintaining and insuring the value of the Property. Debtor's need to pay for
2 maintenance of the Property, including inspections and repairs, ensures the Property is functioning
3 and up to Las Vegas City Code, allowing the Property to be opened and the SOB license to be
4 maintained. Generally speaking, these costs that will be incurred in running and maintaining the
5 Debtor's business are necessary and reasonable because it will allow the Debtor to maintain the
6 value of the Property. *See Equitable Gas Co. v. Equitable, N.A. (In re McKeesport Steel Castings*
7 *Co.)*, 799 F.2d 91, 94-95 (3d Cir. 1986) (holding that postpetition gas services were properly
8 ordered paid to a utility as an administrative expense necessary to preserve the going concern value
9 of chapter 11 debtor's estate since, "the continued gas service . . . benefited both [secured
10 creditors] in that it preserved the Debtor's business and permitted the sale of the assets as a going
11 concern which provided a greater return to the secured parties than they would have received in
12 other circumstances"); *In re Senior-G & A Operating Co., Inc.*, 957 F.2d 1290, 1300 (5th Cir.
13 1992) (holding that secured creditor received "direct and quantifiable benefit" from postpetition oil
14 well restoration, for purpose of determining whether restoration expense could be surcharged to
15 secured creditor, where secured creditor, prior to restoration, was receiving no revenue as result of
16 production from well, and after restoration, it was receiving revenue from restored production).
17 For all of the foregoing reasons, Aristotle should be surcharged pursuant to section 506(c) of the
18 Bankruptcy Code.

19 Notice

20 Twenty-one days Notice of this Motion has been provided to: (a) the Office of the United
21 States Trustee for the District of Nevada; (b) Aristotle; (c) the Debtor's 20 largest unsecured
22 creditors (including counsel if known); and (d) all parties requesting notices pursuant to
23 Bankruptcy Rule 2002. The Debtor submits that no other or further notice need be provided.
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No previous motion for the relief sought herein has been made to this or any other court.

WHEREFORE, the Debtor respectfully requests entry of an order granting the relief requested and in accordance with Proposed Order, including (A)(i) authorizing the Debtor’s use of cash collateral, (ii) finding that the interests of the any purportedly secured party are adequately protected, (iii) granting related relief, or (B) alternatively, authorizing the Debtor to surcharge any secured lender’s collateral pursuant to section 506(c) of the Bankruptcy Code; and (iv) granting the Debtor such other and further relief as the Court deems just and proper.

DATED this 27th day of November, 2017.

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1980 Festival Plaza Drive, Suite 650
Las Vegas, Nevada 89135

Attorneys for Debtor

Exhibit 1

Exhibit 1

Sterling Entertainment Group LV, LLC Budget

Cash On Hand as of November 1, 2017 **\$26,000.00**

Operating Income

Projected Rents	<u>Dec 1 -Dec 31</u>	<u>Jan 1 - Jan 31</u>	<u>Feb 1 - Feb 28</u>	<u>Mar 1 - Mar 31</u>	<u>Apr 1 - Apr 30</u>	<u>May 1 - May 31</u>
Olympic Garden*	\$0.00	\$65,000.00	\$65,000.00	\$65,000.00	\$65,000.00	\$65,000.00
Boston Pizza	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
TOTAL	\$6,000.00	\$71,000.00	\$71,000.00	\$71,000.00	\$71,000.00	\$71,000.00
<u>Expenses</u>						
Utilities(electricity, water, sewer, gas)**	\$3,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Property Insurance Premium** unknown						
Licensing Preservation***	\$7,500.00	\$7,500.00	\$7,500.00	\$0.00	\$0.00	\$0.00
Property Maintenance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
US Trustee Fees		\$325.00			\$325.00	
Administrative Expenses	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Total Expense	\$21,500.00	\$18,825.00	\$18,500.00	\$11,000.00	\$11,325.00	\$11,000.00
Net Cash Flow (Income - Expense)	<u>-\$15,500.00</u>	<u>\$52,175.00</u>	<u>\$52,500.00</u>	<u>\$60,000.00</u>	<u>\$59,675.00</u>	<u>\$60,000.00</u>
Cash Balance	\$10,500.00	\$62,675.00	\$115,175.00	\$175,175.00	\$234,850.00	\$294,850.00

*Lease pending bankruptcy court approval

** Expense eliminated/decreased upon lease approval

***Expense budgeted for two months after potential lease approval in case there is an unexpected delay in the licensing process.

Exhibit 2

Exhibit 2

PROMISSORY NOTE

\$8,500,000.00

July 22, 2015

FOR VALUE RECEIVED, the undersigned, **STERLING ENTERTAINMENT GROUP LV, LLC**, a Nevada limited liability company, having an address at 1531 S. Las Vegas Blvd., Las Vegas, Nevada 89104 (the "Borrower"), promises to pay to the order of **Aristotle Holdings Limited Partnership**, a Nevada limited partnership, having an address of 633 South 7th Street, Las Vegas, NV 89101 ("Holder") the principal sum of **EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS and 00/100 (\$8,500,000.00)** (the "Principal"), together with interest accruing on the unpaid balance thereof until due. The Principal Amount shall bear interest at the rate of six percent (6%) per annum.

This promissory note ("Note") shall be paid in equal monthly installments of interest only in the amount of **\$42,500.00 commencing on August 1, 2015 and continuing on the first day of each and every month thereafter until the Maturity Date** (defined hereafter).


On July 22, 2017 (the "Maturity Date"), unless earlier paid in full, the Principal shall be fully due and payable. *There shall be no penalty for prepayment*

In the event Borrower fails to pay any installment by the 5th day of the month when due, then from and after such date, and continuing until such time as all outstanding principal has been fully and completely paid, the outstanding principal and interest balance of this Note shall bear interest at a default rate equal to fourteen percent (14%) per annum, compounded monthly ("Default Rate").

Principal and interest are payable in lawful money of the United States of America, to Holder at the address set forth above. Any notices to Borrower or Holder shall be in writing and shall be delivered by certified mail, return receipt requested, to the applicable address set forth above; provided, however, that either Borrower or Holder may change their address by written notice to the other, effective upon receipt.

If any legal action is instituted in connection with this Note, the non-prevailing party shall pay all actual and reasonable attorneys' fees and costs incurred by the prevailing party.

Borrower and all endorsers and guarantors hereof waive presentment for payment, demand, notice of nonpayment, notice of protest, and any and all other notices or demands whatsoever. Acceptance of late payments does not waive Holder's right to timely payments and acceptance of partial payments does not waive Holder's right to full payment.



No delay by Holder in enforcing any provision of this Note shall constitute a waiver of such provision. No waiver by Holder of any provision or default of this Note shall be effective unless in writing, and no such waiver shall operate as a waiver of any subsequent default or other provision of this Note.

This Note shall be governed by the laws of the State of Nevada.

This Note is secured by a Deed of Trust, of even date herewith, encumbering certain real property in Clark County, Nevada, those certain personal guaranties of Dashon Goldson, Christophe Jorcin, and ~~Alberte Jorcin~~, and that certain security agreement executed in connection herewith. In the event of any inconsistency or ambiguity between the terms of this Note and the terms of said Deed of Trust, the terms of this Note shall govern. Any default of the Deed of Trust shall be a default of this Note. Upon any sale or transfer or hypothecation by Borrower of all or any part of the real property secured by said Deed of Trust, at the option of Holder, the entire principal balance hereof and all accrued interest thereon shall be due and payable in full. The Trustor of said Deed of Trust is entitled to partial releases therefrom, on the terms and conditions contained in said Deed of Trust. Each payment hereunder shall be credited first to Lender's collection expenses, next to late charges, next to unpaid interest, and the balance, if any, to the reduction of the Principal. The interest on this Note shall be calculated on the basis of a 30-day month and a 360-day year.

In the event of any default of this Note, Holder shall have all rights and remedies, available at law or in equity, including without limitation the right to immediately accelerate the indebtedness evidenced hereby without notice to Borrower or any guarantors.

[Remainder of this page intentionally left blank.]

P.E. (α)

IN WITNESS WHEREOF, the undersigned has executed this Note on the date set forth above.

WITNESS:

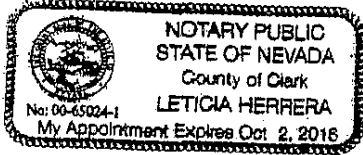
[Handwritten Signature]

Name: 7-22-15

BORROWER:

STERLING ENTERTAINMENT GROUP
LV, LLC, a Nevada limited liability
company

By: *[Handwritten Signature]* as attorney in fact
Name: For JASTON GOLDSON
Title: Managing Member



STATE OF

)
) ss.:

COUNTY OF

*Amadorc
Tali*

I certify that on July 22, 2015, Amadorc Tali came before me in person and stated to my satisfaction that he/she:

(a) made the attached instrument; and

(b) was authorized to and did execute this instrument on behalf of and as Managing Member of STERLING ENTERTAINMENT GROUP LV, LLC, a Nevada limited liability (the "Company"), the entity named in this instrument, as the free act and deed of the Company, by virtue of the authority granted by its operating agreement and its members.

[Handwritten Signature]

NOTARY PUBLIC

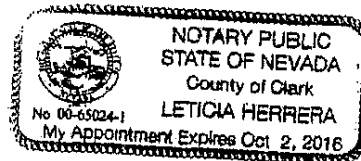


Exhibit 3

Exhibit 3

COPY

Inst #: 20150729-0000991
Fees: \$23.00
N/C Fee: \$25.00
07/29/2015 08:59:19 AM
Receipt #: 2511174
Requestor:
OLD REPUBLIC TITLE COMPANY
Recorded By: ANI Pgs: 7
DEBBIE CONWAY
CLARK COUNTY RECORDER

Assessor Parcel No(s):

162-03-210-090
162-03-202-005

WHEN RECORDED MAIL TO:

Aristotle Holding Limited Partnership
c/o Andrew Leavitt, Esq
633 S. 7th Street
Las Vegas, NV 89101

MAIL TAX STATEMENTS TO:

Sterling Entertainment Group LV, LLC
C/O Vernon Nelson, Esq
300 South 4th Street, 11th Floor
Las Vegas, NV 89101

5115032270

DEED OF TRUST

THIS DEED OF TRUST is dated 22 July, 2015, among Sterling Entertainment Group LV, LLC, a Nevada limited liability company whose address is c/o Vernon Nelson, Esq., 300 South 4th Street, 11th Floor, Las Vegas, NV 89101 ("Grantor"); Aristotle Holding Limited Partnership, a Nevada limited partnership whose address is c/o Andrew Leavitt 633 S 7th St, Las Vegas, NV 89101 ("Beneficiary" or "Lender"); and Peter Ellades, ("Trustee"). The address for Trustee is c/o Andrew Leavitt 633 S 7th St, Las Vegas, NV 89101.

Conveyance and Grant. For valuable consideration, Grantor irrevocably grants, bargains, sells and conveys to Trustee with power of sale for the benefit of Lender as Beneficiary, all of Grantor's right, title and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights-of-way, and appurtenances and water rights (the "Real Property") located in Clark County, State of Nevada, and legally described as follows:

The Real Property is commonly known as that certain real property located in Clark County, Nevada and described in Exhibit "A" (Legal Description) attached hereto;

Grantor presently, absolutely, and irrevocably assigns to Lender/Beneficiary all of Grantor's right, title and interest in and to all present and future leases of the Property ("Rents") from the Property. In addition, Grantor also grants to Lender a Uniform Commercial Code security interest in any and all Personal Property associated with the Real Property pursuant to NRS 104.9101, et seq. and this Agreement shall be deemed to be a security agreement for that purpose, as set forth below.

This Deed of Trust, including the assignment of rents and the security interest in the personal property, is given to generally secure the Note in the amount of **EIGHT MILLION FIVE HUNDRED THOUSAND DOLLARS AND no/100 (\$8,500,000.00)** (the "Note" or "Secured Note") and specifically secure: (A) Payment of the indebtedness, including any and all future

additional advances; and (B) Performance of any and all obligations under the Promissory Note, the related documents and this Deed of Trust.

The Deed of Trust is given and accepted on the following terms:

1. To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

2. To provide, maintain and deliver to Beneficiary fire, vandalism and malicious mischief insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. The provisions hereof are subject to the mutual agreements of the parties as below set forth.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4. To pay: (a), at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; (b) when due, subject to the mutual agreements of the parties as below set forth, all encumbrances, charges and liens, with interest, on said property or any part thereof; which appear to be prior or superior hereto; (c) all allowable expenses of this Trust.

5. Should Trustor fail to make any payment on the Secured Note or fail to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers; pay reasonable expenses, employ counsel and pay reasonable attorneys fees.

6. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the rate provided in the Secured Note.

7. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Secured Note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of

the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

8. Notwithstanding anything to the contrary contained herein, Trustor hereby irrevocably assigns, gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less allowable expenses of operation, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of defaults hereunder or invalidate any act done pursuant to such notice.

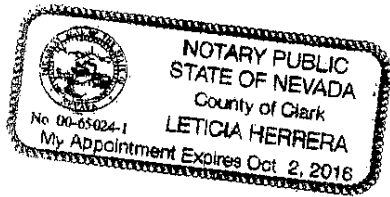
9. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The Term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the neuter gender includes the feminine and/or masculine, and the singular number includes the plural.

10. That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

11. Trustor covenants and agrees that Trustor shall perform and observe all obligations to be performed and observed by Trustor under the Deed of Trust securing the Secured Note.

WITNESS:
Leticia Herrera
Name: 7-22-15
LETICIA HERRERA

TRUSTOR:
STERLING ENTERTAINMENT GROUP LV, LLC, a Nevada limited liability company,
By: *J. Jacobs* As attorney in fact
Name: for DASHON GOLDSON
Title: MANAGING MEMBER
Amadeuba Tall as attorney in fact for Dashon Goldson managing member



STATE OF

COUNTY OF

) ss.:
)

*Alma de la
Tall*

I certify that on July 22, 2015, Alma de la Tall came before me in person and stated to my satisfaction that he/she:

made the attached instrument; and was authorized to and did execute this instrument on behalf of and as Managing Member of STERLING ENTERTAINMENT GROUP LV, LLC., a Nevada limited liability company (the "Company"), the entity named in this instrument, as the free act and deed of the Company, by virtue of the authority granted by its operating agreement and its members.

Leticia Herrera

NOTARY PUBLIC

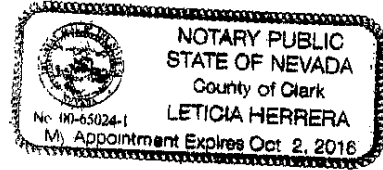


EXHIBIT A

The land referred to is situated in the County of Clark, City of Las Vegas, State of Nevada, and is described as follows:

Parcel I:

The South Ten (10.00) feet of Irregular Lot One (1), all of Irregular Lots Two (2), Three (3), Four (4), Five (5) and Six (6) and Lots Seven (7) through Eleven (11), inclusive, in Block Twenty-three (23) of BOULDER ADDITION TO THE CITY OF LAS VEGAS, as shown by map thereof on file in Book 1 of Plats, Page 52, in the Office of the County Recorder of Clark County, Nevada.

Together with that portion of South Third Street as vacated by the City of Las Vegas in and Order of Vacation recorded March 24, 1975 in Book 504 as Document No. 463633 of Official Records, that would pass through by operation of law.

Together with any portion of South Third Street as vacated by the City of Las Vegas in an Order of Vacation recorded March 7, 1988 in Book 880307 as Document No. 00514 of Official Records, that would pass through by operation of law.

Together with that portion of land as vacated by the City of Las Vegas in an Order of Vacation recorded May 3, 1988 in Book 880503 as Document No. 00458 of Official Records, that would pass through by operation of law.

Excepting therefrom that portion of said land as conveyed to the City of Las Vegas by Deed recorded August 5, 1994 in Book 940805 as Document No. 01070 of Official Records.

Further excepting therefrom that portion of said land as conveyed to the City of Las Vegas by Deed recorded June 24, 1997 in Book 970624 as Document No. 00754 of Official Records.

Together with that portion of land as vacated by the City of Las Vegas in an Order of Vacation recorded December 26, 2007 in Book 20071226 as Document No. 0000395 of Official Records, that would pass through by operation of law.

Parcel II:

That portion of Block Nineteen (19) of BOULDER ADDITION TO THE CITY OF LAS VEGAS, according to the Plat of record in Book 1 of Plats, Page 52, on file in the Office of the Recorder of said County and State, lying South of the Westerly prolongation of the North line of Lot Nine (9) in Block Twenty-three (23) of said BOULDER ADDITION TO THE CITY OF LAS VEGAS.

Saving and excepting therefrom that portion lying within U.S. Highway No. 91.

Together with any portion of South Third Street as vacated by the City of Las Vegas in an Order of Vacation recorded March 7, 1988 in Book 880307 as Document No. 00514 of Official Records, that would pass through by operation of law.

Together with that portion of land as vacated by the City of Las Vegas in an Order of Vacation recorded May 3, 1988 in Book 880503 as Document No. 00458 of Official Records, that would pass through by operation of law.

Parcel III:

All of that portion of Block Nineteen (19) of BOULDER ADDITION TO THE CITY OF LAS VEGAS, lying North of the Westerly prolongation of the North line of Lot Nine (9) in Block Twenty-three (23) of said BOULDER ADDITION TO THE CITY OF LAS VEGAS, according to the Plat of record in Book 1 of Plats, Page 52, on file in the Office of the Recorder of said County and State.

Saving and excepting therefrom that portion lying within U.S. Highway No. 91. Together with any portion of South Third Street as vacated by the City of Las Vegas in an Order of Vacation recorded March 7, 1988 in Book 880307 as Document No. 00514 of Official Records, that would pass through by operation of law.

Together with that portion of land as vacated by the City of Las Vegas in an Order of Vacation recorded May 3, 1988 in Book 880503 as Document No. 00458 of Official Records, that would pass through by operation of law.

Parcel IV:

That portion of the Southeast Quarter (SE ¼) of the Northwest Quarter (NW ¼) of Section 3, Township 21 South, Range 61 East, M.D.B.&M., described as follows:

Commencing at the point of intersection of the South line of Lot "M" of PARK PLACE ADDITION TO THE CITY OF LAS VEGAS, as shown by map thereof on file in Book 1 of Plats, Page 48, in the Office of the County Recorder of Clark County, Nevada, with the Southeasterly line of South Fifth Street (80 feet wide) as said point of intersection is designated by Survey on file in File 1, Page 36 of Registered Professional Engineers File in the Office of the County Recorder of Clark County, Nevada; thence South 27°45' West along the said Southeasterly line a distance of 450.00 feet to the most Westerly corner of that certain parcel of land conveyed by Fifth Street Properties, Inc., to Joseph E. Bane et al by Deed recorded December 18, 1951 as Document No. 379125, Clark County, Nevada Records; thence continuing South 27°45' West along the said Southeasterly line a distance of 226.03 feet more or less to a point on the East line of BOULDER ADDITION as shown by map thereof on file in Book 1 of Plats, Page 52, in the Office of the County Recorder of Clark County, Nevada; thence South 3°22' West along the last mentioned East line a distance of 49.50 feet to a point being the True Point of Beginning; thence continuing South 3°22' West a distance of 435.29 feet more or less to a point on the Northwesterly line of PARADISE GROVE as shown by map thereof on file in Book 3 of Plats, Page 92, in the Office of the County Recorder of Clark County, Nevada; thence North 27°45' East along the last mentioned Northwesterly line a distance of 396.46 feet to a point; thence North 62°15' West a distance of 179.70 feet to the True Point of Beginning.

Parcel B:

An easement for ingress to, and egress from, Parcel A, over and across:
That portion of the Southeast Quarter (SE ¼) of the Northwest Quarter (NW ¼) of Section 3, Township 21 South, Range 61 East, M.D.B.&M., described as follows:

Commencing at the point of intersection of the South line of Lot "M" of PARK PLACE ADDITION TO THE CITY OF LAS VEGAS, as shown by map thereof on file in Book 1 of Plats, Page 48, in the Office of the County Recorder of Clark County, Nevada, with the Southeasterly line of South Fifth Street (80 feet wide) as said point of intersection is designated by Survey on file in File 1, Page 36 of Registered Professional Engineers File in the Office of the County Recorder of Clark County, Nevada; thence South $27^{\circ}45'$ West along the said Southeasterly line a distance of 450.00 feet to the most Westerly corner of that certain parcel of land conveyed by Fifth Street Properties, Inc., to Joseph E. Bane et al by Deed recorded December 18, 1951 as Document No. 379125, Clark County, Nevada Records; thence continuing South $27^{\circ}45'$ West along the said Southeasterly line a distance of 226.03 feet more or less to a point on the East line of BOULDER ADDITION as shown by map thereof on file in Book 1 of Plats, Page 52, in the Office of the County Recorder of Clark County, Nevada; thence South $3^{\circ}22'$ West along the last mentioned East line a distance of 5.50 feet to a point being the True Point of Beginning; thence continuing South $3^{\circ}22'$ West a distance of 44.00 feet to a point; thence South $62^{\circ}15'$ East a distance of 50.00 feet to a point; thence North $3^{\circ}22'$ East a distance of 44.00 feet to a point; thence North $62^{\circ}15'$ West a distance of 50.00 feet to the True Point of Beginning.

Exhibit 4

Exhibit 4

SECURITY AGREEMENT

This Security Agreement (the "Agreement") is made this 22 day of July, 2015 by and between Sterling Entertainment Group LV, LLC, a Nevada limited company ("Borrower"), and Aristotle Holding Limited Partnership, a Nevada limited partnership ("Lender").

RECITALS:

A. Whereas, Borrower obtained a loan from Lender in the principal amount of Eight Million Five Hundred Thousand Dollars and No/100 (\$8,500,000.00) (the "Loan") as evidenced by that certain promissory note of even date herewith (the "Note") to purchase certain real property located at 1531 S. Las Vegas Boulevard in Las Vegas, NV (the "Property").

B. Whereas, the Loan and Note are secured, among other things, by a lien on the Property and certain personal guaranties executed in connection therewith;

C. Whereas, Borrower will also have acquired that business commonly known as the OG Gentleman's Club located on the Property (hereinafter the "Business");

D. As security for Borrower's full and faithful performance under the Loan and Note, Borrower is willing to give Lender a security interest in and to all of its personal property of the Business as defined in that certain Purchase and Sale Agreement for the Sale of Assets (including the Bill of Sale attached thereto) executed herewith and attached as Exhibit A, both now owned, and hereinafter acquired, including but not limited to, the fixtures, equipment, inventory, goods, personal property, general intangibles, accounts, deposit accounts, and contract rights (collectively the "Collateral").

In consideration of the foregoing Recitals and the Note and Loan, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged Borrower and Lender agree as follows:

AGREEMENTS:

1. SECURITY INTEREST.

1.1 Borrower hereby grants, transfers and assigns to Lender, a security interest in and to all of its personal property of the Business as defined in that certain Purchase and Sale Agreement for the Sale of Assets (including the Bill of Sale attached thereto) executed herewith and attached as Exhibit A, both now owned, and hereinafter acquired, including but not limited to, the fixtures, equipment, inventory, goods, personal property, general intangibles, accounts, deposit accounts, and contract rights (collectively the "Collateral").

J.E. (a)

2. BORROWER'S WARRANTIES, COVENANTS, AND AGREEMENTS.

Borrower hereby warrants, covenants, and agrees that:

2.1 Borrower is entitled to grant to Lender the security interest as set forth herein.

2.2 Borrower will be the owner of the Collateral. Borrower shall defend the Collateral against all claims and demands of all persons.

2.3 Borrower agrees to take no action which would adversely affect the value of the Collateral or which would encumber, dilute, or cloud Borrower's title or interest therein.

2.4 Lender at all times shall have a perfected security interest in the Collateral that shall be prior to any other interests therein. Borrower will do all acts and things, will execute, file and record all instruments requested by Lender to establish, maintain, and continue the perfected security interest of Lender in the Collateral, and will promptly pay on demand all costs and expenses of all other claims and charges that in the opinion of Lender might prejudice, imperil, or otherwise affect the Collateral or security interest therein of Lender.

2.5 Lender shall have the right at any time after default by Borrower to notify any and all account debtors to make any payments otherwise due to Borrower with regard to the Collateral directly to Lender. In said event, Borrower shall not receive or hold any of the proceeds of Collateral and if any of the proceeds are received by Borrower, Borrower shall receive the same as trustee for Lender and shall immediately and on the same day properly endorse and deliver the same in kind to Lender without cashing or commingling the same.

2.6 Borrower shall at all times maintain in full force and effect a policy of insurance insuring the Collateral for its full replacement value. Lender shall be named as an additional insured under such policy.

3. EVENTS OF DEFAULT.

Borrower shall be in default hereunder if any of the following shall occur:

(a) Borrower shall be in default of any term, covenant or provision of the Note or Loan;

(b) Borrower is dissolved or liquidated, or otherwise ceases to exist, or all or substantially all of the assets of Borrower are sold or otherwise transferred without Lender's written consent;

J.E. (a)

(c) Borrower is the subject of an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Borrower applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Lender as the case may be, and the appointment continues undischarged or unstayed for thirty (30) calendar days; or Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceedings relating to it or to all or any part of its property under the Laws of any jurisdiction or any similar proceeding is instituted without the consent of Lender and continues undismissed or unstayed for thirty (30) calendar days; or any judgment, writ, attachment, execution or similar process is issued or levied against all or any part of the Collateral or Borrower and is not released, vacated or fully bonded within thirty (30) calendar days after its issue or levy; or

(d) The Collateral is sold, disposed of, levied on or seized under any levy, attachment, garnishment, writ or other legal process; or if any lien shall attach thereto; or if a security interest is created with respect thereto.

4. LENDER'S REMEDIES.

In the event of a default under this Agreement and at any time thereafter, Lender may, at its option and without notice to Borrower, declare all of the indebtedness and obligations of Borrower to Lender to be immediately due and payable and Lender shall have the rights, options, duties and remedies of a secured party, and Borrower shall have the rights and duties of a debtor, under the Uniform Commercial Code as enacted in Nevada. Without limitation thereto, Lender shall have the following specific rights:

4.1 Lender may sell the Collateral or any part thereof at a public or private sale. The proceeds of such sale, after deducting therefrom all expenses of Lender (including reasonable attorneys' fees and legal expenses), shall be applied to the payment of any part or all of the Obligations and any other indebtedness or liability of Borrower to Lender, and any surplus thereafter remaining shall be paid to Borrower or to any other person that may be legally entitled thereto. At any sale or disposition, Lender may accept a trade of property for all or any portion of the sale price.

4.2 At any sale, public or private, of the Collateral or any part thereof, Lender may, so far as may be lawful, purchase any part or parts of the Collateral or all thereof offered at such sale.

4.3 Lender shall give Borrower reasonable notice of any sale or other disposition of the Collateral or any part thereof at least ten (10) days prior to such sale or other disposition.

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4.4 If the proceeds realized from the disposition of the Collateral shall fail to satisfy all of the Obligations of Borrower to Lender, Borrower shall upon demand pay any deficiency balance to Lender.

4.5 Lender may require Borrower to assemble the Collateral and make such available to Lender at a place, to then be designated by Lender, which is reasonably convenient to both parties.

4.6 At Lender's sole option, Lender may retain the Collateral in satisfaction of amounts due under the Loan and Note by sending written notice of such election to Borrower; but, unless such written notice is sent by Lender, retention of such Collateral shall not be in satisfaction of any obligation hereunder.

4.7 Lender may pursue any legal or equitable remedy available under the laws of the United States and the State of Nevada to collect all sums secured hereby and to enforce its title in and right to possession of the Collateral and to enforce any and all other rights or remedies available to it. No such action shall operate as a waiver of any other right or remedy of Lender.

5. MISCELLANEOUS PROVISIONS:



5.1 Borrower agrees to indemnify Lender against all losses, claims, demands, and liabilities of every kind caused by the Collateral subject hereto; to pay all expenses, including attorneys' fees incurred by Lender in the preservation, realization, enforcement and exercise of rights, powers, remedies of Lender or obligations of Borrower hereunder.

5.2 It is understood and agreed that Lender does not assume and shall not be subject to any duty, undertaking, obligation or liability of Borrower under any Collateral in which Lender is granted a security interest hereunder.

5.3 Until a default occurs, Borrower may retain possession of all of the Collateral and may use it in any lawful manner not inconsistent with this Agreement, including sale of the Collateral in Borrower's normal conduct of its business.

5.4 No default hereunder by Borrower shall be deemed to have been waived by Lender except by a writing to that effect signed by Lender; no waiver of any default shall operate as a waiver of any other default on a future occasion. No modification, rescission, waiver, release, or amendment of any provision of this Agreement shall be made except by a written agreement signed by Borrower and Lender.

5.5 Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, such provision or provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and all other provisions nevertheless shall be effective.

5.6 Except as otherwise provided by law, all notices to be given pursuant to this Agreement shall be sufficient if given by personal services, by guaranteed overnight delivery services, by telex, telecopy or telegram or by being mailed postage prepaid, certified or registered mail, return receipt requested, to the described addresses of the parties hereto as set forth below, or to such other address as a party may request in writing. Any time period provided in the giving of any notice hereunder shall commence upon the date of personal service, the date after delivery to the guaranteed overnight delivery service, the date of sending the telex, telecopy or telegram or two (2) days after mailing certified or registered mail.

Borrower's Address:

Attn: Christophe Jorcin
Sterling Entertainment Group, LV
1531 S. Las Vegas Blvd.
Las Vegas, NV 89104

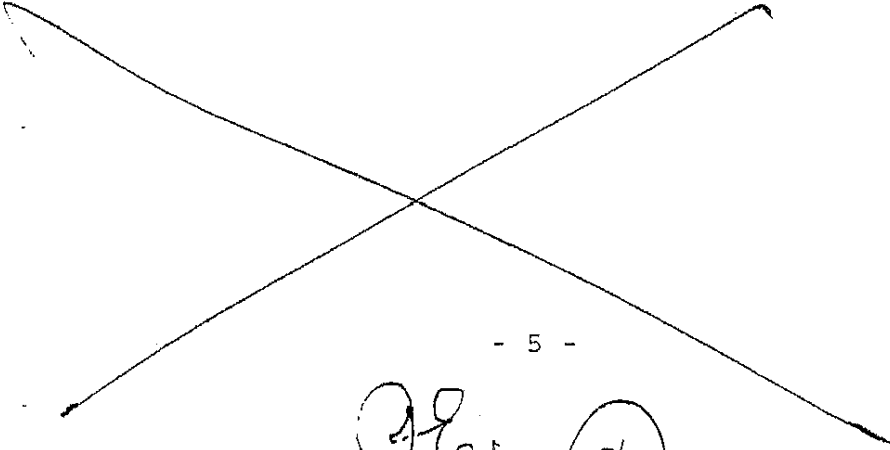


Lenders's Address:

Aristotle Holding Limited Partnership
c/o Andrew Leavitt
633 S 7th St
Las Vegas, NV 89101

5.7 The terms herein shall have the meanings in and be construed under the Nevada Uniform Commercial Code and all issues arising hereunder shall be governed by the laws of the State of Nevada.

5.8 All rights, remedies, and privileges of Lender hereunder shall be cumulative and not alternative and shall, whether or not specifically so expressed, inure to the benefit of Lender, its successors and assigns, and all obligations of Borrower shall bind its successors and legal representatives.

5.9 Lender and Borrower as used herein shall include the heirs, executors or administrators, or successors or assigns of those parties. The provisions of this Agreement shall apply to the parties according to the context hereof and without regard to the number or gender or words and expressions used herein.

Dated as of the date first written above.

"Borrower"

"Lender"

Sterling Entertainment Group LV, LLC.,
a Nevada limited liability company

Aristotle Holding Limited Partnership,
a Nevada limited partnership,

By: ~~ASG~~ *as attorney in fact*

By: *Joe Eliades*

Its: *Managing Member*

Its: _____

Exhibit "A"

Bill of Sale and Assignment

This **Bill of Sale and Assignment** is made this ___ day of _____, 2015, by and between OG Eliades, LLC, a Nevada limited liability company, OG Eliades AD, LLC, a Nevada limited liability company (collectively, "Seller"), and Sterling Entertainment Group LV, LLC a Nevada limited liability company ("Buyer").

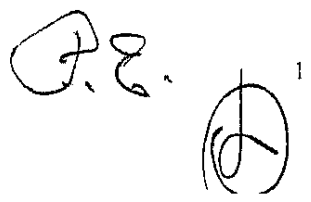
WHEREAS Buyer and Seller are parties to an agreement that is memorialized in the *ORDER RE: MOTION TO APPROVE SALE* of the United States Bankruptcy Court for the District of Nevada in the matter entitled *In re: Aphrodite Ledstrom, (Peter Eliades v Dolores Eliades)*, Adv. No. 12-01091-mkn (the "Agreed Order"). The Agreed Order is attached hereto as Exhibit "A."

WHEREAS, the Agreed Order provides that Seller will sell all assets of the Olympic Gardens Gentlemen's Club (the "Club"), excepting the cash, cash equivalents and accounts receivable of the Club (the "Assets") that are owned by OG Eliades, LLC and OG Eliades AD, LLC to Buyer.

WHEREAS, the Olympic Gardens Gentlemen's Club is located on the real property commonly known as 1531 Las Vegas Boulevard So. (APN 162-03-210-090 and 162-03-202-005) in Las Vegas, Clark County, Nevada (the "Real Property").

NOW THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Seller does hereby unconditionally and irrevocably sell, grant, transfer, assign, and convey to Buyer, without warranty or covenants express or implied unto Buyer, all right title and interest in and to the following, to the extent such exist and are owned by Seller:

1. All right, title and interest of Seller in and to all machinery, apparatus, equipment, materials, fittings, fixtures, chattels, and articles of personal property owned by Seller or in which Seller has acquired an interest (to the extent of such interest), and now or hereafter located on, attached to or contained in or used in connection with the Club, including all indoor and outdoor furniture, indoor plants, tools, screens, awnings, shades, blinds, curtains, draperies, partitions, carpets, rugs, furniture and furnishings, heating, lighting, plumbing, water heating, cooking, monitoring, ventilating, air conditioning, refrigerating, sanitation, waste removal, fixtures and equipment, elevators, escalators, stoves, ranges, vacuum systems, window washing and other cleaning systems, call systems, fire prevention and extinguishing apparatus and materials, alarms, computers, televisions, telecommunications, entertainment, recreational or security systems and equipment, motors, machinery, pipes, ducts, conduits, dynamos, engines, compressors, generators, boilers, stokers, furnaces, pumps, tanks, appliances, beds, linens, cash registers, lamps, glassware, rehabilitation equipment, medical, dental, therapeutic and paramedical equipment and other fixed assets (for purposes herein, "other

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fixed assets" shall be deemed to include any and all "furniture, furnishings and equipment" contained in or used in connection with the Club as such term is commonly understood), stocks of food and other supplies held for consumption in normal operation, signs, artwork (including paintings, prints, sculpture and other fine art), office furnishings and equipment, guest room furnishings, and specialized equipment for kitchens, laundries, bars, restaurant (dining room), public rooms, health and recreational facilities, linens, dishwashers, two-way radios, all partitions, screens, awnings, shades, blinds, floor coverings, hall and lobby equipment, call or beeper systems, security systems, all equipment, manual, mechanical or motorized, for the construction, maintenance, repair and cleaning of parking areas, walks, underground ways, truck ways, driveways, common areas, roadways, highways and streets), excluding fixtures and improvements which are being transferred to Assignee by a Grant Bargain and Sale Deed to be recorded in the County Recorder's Office in the County of Clark ("Deed") (collectively, "Equipment").

TOGETHER WITH all personal property now or hereafter located at or used in connection with the Premises and owned by Seller, including all building materials (whether located on or off the Premises), supplies and equipment now or hereafter used in the Club and all architectural renderings, models, drawings, plans, specifications, studies and data now or hereafter relating to the Club and including all certificates of title, negotiable and non-negotiable bills of lading, and similar instruments, if any, relating to the foregoing;

TOGETHER WITH all leases, subleases, non-gaming and non-liquor licenses and guarantees thereof, and all other agreements, documents, records and instruments for, affecting or related to, the Premises, including the use, development, construction, management and occupancy thereof and the sale of units at the Premises (and including any licenses or occupancy agreements for use of property outside of the Club which relate to or are used in connection with the Club and all construction, service, engineering, consulting, development, management, leasing, architectural and other similar contracts concerning the design, construction, development, management, administration, operation, occupancy and/or use of the Club ("Club Agreements");

TOGETHER WITH all leases, licenses and other agreements with any Tenant or occupant of any portion of the Club (collectively, the "Leases");

TOGETHER WITH all right, title and interest of Seller in and to all general intangibles relating to design, development, operation, management and use of the Club, all certificates of occupancy, zoning variances, building, use or other Approvals (as defined herein) in connection with the development, use, operation or management of the Club, all architectural drawings, plans, specifications, soil tests, appraisals, engineering reports and similar materials relating to all or any portion of the Club and all payment and performance bonds or warranties or guarantees relating to the Club;

TOGETHER WITH all right, title and interest of Seller in and to all intellectual property, trademarks, trade names, corporate names, telephone listings, company names, business names, fictitious business names, trade styles, service marks, logos, other source

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and business identifiers, trademark registrations and applications for registration used exclusively at or relating exclusively to the Premises or any portion thereof; all renewals, extensions and continuations-in-part of the items referred to above; any written agreement granting to Seller any right to use any trademark or trademark registration at or in connection with any of the Club; and the right of Seller to sue for present and future infringements of the foregoing;

TOGETHER WITH (without prejudicing the generality of the foregoing) all right, title and interest of Seller assigned pursuant to any assignment of agreements, assignment of sales contracts or assignment of leases;

TOGETHER WITH all other or greater rights and interests of every nature in the Club and in the possession or use thereof and income therefrom; and

TOGETHER WITH all right, title and interest of Seller in and to all extensions, improvements, betterments, renewals, substitutes, amendments, modifications, supplements and replacements of or to, and all additions and appurtenances to, any of the foregoing heretofore or hereafter acquired by, or released to, Seller or constructed, assembled or placed by Seller that are applicable to the Club and all conversions of the security constituted thereby.

NOT INCLUDING any existing receivables or rights and claims to payment or money of any kind, including but not limited to claims, deposits, choses in action, litigation rights or any other cash, cash equivalent, general intangible or any other rights to any refunds or right to collect money of any kind, that existed prior to the date this Bill of Sale is executed by Seller.

NOT INCLUDING any and all accounting records, employment and personnel records, or any other records or documents used in the operation of the Club, whether in hard-copy form or in electronic data form, and wherever located, whether at the Club or at any other location, including all data stored on any computers or other data storage devices at the Club, although Seller agrees to provide reasonable access to all such information to Buyer as needed for an orderly transition of ownership and operations of the Club.

2. This Bill of Sale and Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

3. Where used in this Bill of Sale and Assignment, the following terms have the definitions prescribed to them below.

“Approvals” means all approvals, consents, waivers, orders, acknowledgments, authorizations, licenses, permits, variances, sign-offs, filings, registrations, accreditations, and certificates from any foreign, national, federal, state, county, regional, local or municipal government (including any agency or political subdivision of any of the

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foregoing), and any person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or quasi-governmental issues (including any court) (each, a "Governmental Authority") or other person, which is required by legal requirement, contract or otherwise; including but not limited to any rights and licenses to sell liquor, to operate an adult cabaret, and/or the right to conduct gaming activities at the Club.

"Lien" means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, assignment, preference, priority, security interest or other encumbrance or charge (including any conditional sale or other title retention agreement, any sale-leaseback, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law or regulation of any other jurisdiction, domestic or foreign, and mechanics', materialmen's and other similar liens and encumbrances).

"Tenant" means any individual, sole proprietorship, corporation, general partnership, limited partnership, limited liability company or partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any Governmental Authority, endowment fund or any other form of entity that is liable by contract or otherwise to pay any rents, issues, profits, royalties (including all oil and gas or other hydrocarbon substances), earnings, receipts, revenues, proceeds, accounts, accounts receivable, security deposits and other deposits and income, including fixed, additional and percentage rents, and all operating expense reimbursements, reimbursements for increases and taxes, and all other sums that are payable to the Seller pursuant to any lease, sublease, sub-sublease, license, occupancy agreement, rental agreement, franchise, concession or grant of other possessory interests, tenancies, or any other agreement affecting the use, possession or occupancy of the Mortgaged Property (each, a "Space Lease"), and including all amendments, modifications, supplements, extensions, renewals, terminations, surrenders and other agreements relating to any Space Lease, and every guarantee of the performance and observance of all or part of the covenants, conditions and agreements to be performed and observed under any Space Lease.

4. This document shall be governed by, construed, and enforced in accordance with the laws of the State of Nevada.

5. This document constitutes the entire agreement between the parties and any prior understanding or representation of any kind, preceding the date of this document, shall not be binding. Any modification of this document or additional obligation assumed by either party in connection with this document shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

6. The invalidity of any portion of this document will not and shall not be deemed to affect the validity of any other provision. In the event any provision of this

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document is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision

IN WITNESS WHEREOF, the parties hereto have executed this Bill of Sale and Assignment as of the date first above written.

ASSIGNOR:

ASSIGNEE:

OG Eliades, LLC, a Nevada limited liability company

Sterling Entertainment Group LV, a Nevada limited liability company

By: _____
Name: _____
Title: _____

By: _____
Dashon Goldson
Managing Member

OG Eliades AD, LLC, a Nevada limited liability company

By: _____
Name: _____
Title: _____

~~_____~~

P.E. 5 (initials)

Exhibit 5

Exhibit 5

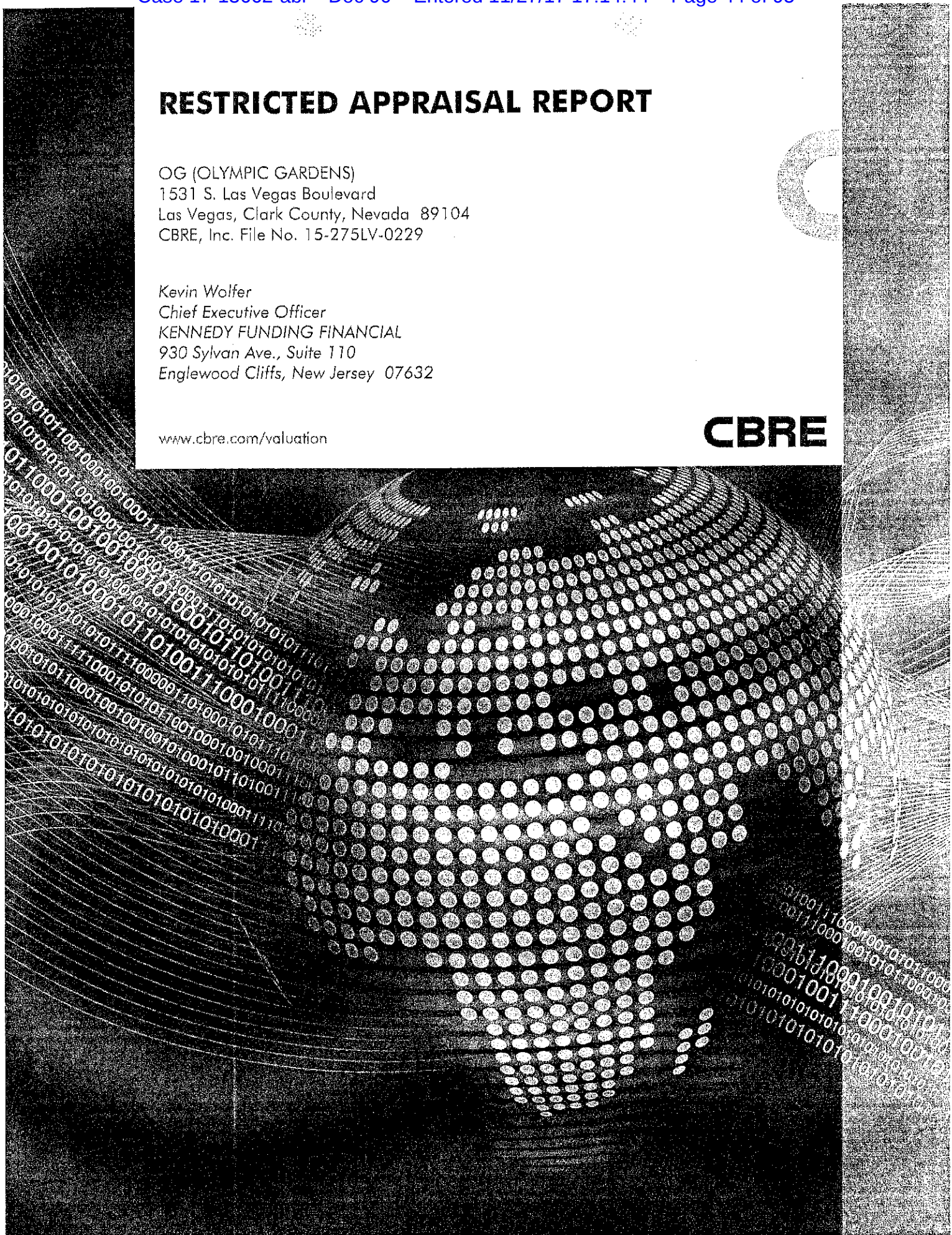
RESTRICTED APPRAISAL REPORT

OG (OLYMPIC GARDENS)
1531 S. Las Vegas Boulevard
Las Vegas, Clark County, Nevada 89104
CBRE, Inc. File No. 15-275LV-0229

Kevin Wolfer
Chief Executive Officer
KENNEDY FUNDING FINANCIAL
930 Sylvan Ave., Suite 110
Englewood Cliffs, New Jersey 07632

www.cbre.com/valuation

CBRE



VALUATION & ADVISORY SERVICES

CBRE3993 Howard Hughes Parkway Suite 720
Las Vegas, NV 89169-6760T 702-933-6757
F 702-933-6766

www.cbre.com

June 30, 2015

Kevin Wolfer
Chief Executive Officer
KENNEDY FUNDING FINANCIAL
930 Sylvan Ave., Suite 110
Englewood Cliffs, New Jersey 07632RE: Appraisal of OG (Olympic Gardens)
1531 S. Las Vegas Boulevard
Las Vegas, Clark County, Nevada 89104
CBRE, Inc. File No. 15-275LV-0229

Dear Mr. Wolfer:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Restricted Appraisal Report. The reader is hereby advised that the opinions and conclusions contained herein may not be properly understood without additional information contained in the appraiser's work file.

The subject is a 25,118-square foot owner-occupied adult cabaret facility (OG) and 4,000-square foot restaurant (Boston Pizza) located at 1531 South Las Vegas Blvd in Las Vegas, Nevada. The improvements were constructed in 1974 and are situated on a 2.63-acre site. The property was in good condition at the time of inspection. Although the free-standing pizza restaurant and an interior boutique are leased, the boutique is reportedly on month-to-month lease and has been for an extended period of time. The restaurant has a lease in place through August 2017. This lease is not considered arm's length as there is a relationship between the parties to the lease. As such, we are appraising the fee simple interest of the subject property. The subject is currently under contract for sale to Sterling Entertainment Group LV, LLC, and has received bankruptcy court approval, for \$12,500,000 (inclusive of inventory, FF&E, business vehicles, goodwill and intangible assets). The valuation contained in this report is for the real property only and does not include any value for inventory, FF&E, any vehicles, goodwill or intangible assets.

Based on the analysis contained in the following report, the market value of the subject's real property is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	June 26, 2015	\$12,060,000
Compiled by CBRE			

Kevin Wolfer
June 30, 2015
Page 2

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

CBRE did not measure the building area of the subject. We have relied upon the sizes provided by the Clark County Assessor. It is an extraordinary assumption that the square footage utilized within the analysis is correct. We reserve the right to amend our value conclusion if found to be different than provided. Please see the improvement section for additional details.

It was reported that the interior boutique is leased on month-to-month basis and has been for an extended period of time (years). Therefore, it is an extraordinary assumption of this appraisal that no contract leases exist with terms extending beyond one month.

Use of these extraordinary assumptions may have affected the assignment results.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

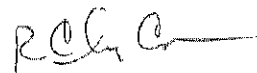
Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Terence J. Farr, MAI
Vice President
NV Certified General Appraiser #A.0205475-CG
www.cbre.com/Terence.Farr

Phone: (702) 933-6745
Fax: (702) 933-6766
Email: Terence.Farr@cbre.com



R. Clay Carson, MAI, MRICS
Managing Director
NV Certified General Appraiser #A.0003310-CG
www.cbre.com/Clay.Carson

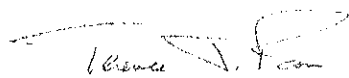
Phone: (702) 933-6761
Fax: (702) 933-6766
Email: Clay.Carson@cbre.com

CBRE

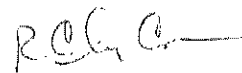
Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Nevada.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Terence J. Farr, MAI and R. Clay Carson, MAI, MRICS have completed the continuing education program for Designated Members of the Appraisal Institute.
11. Terence J. Farr, MAI has and R. Clay Carson, MAI, MRICS has not made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Terence J. Farr, MAI has and R. Clay Carson, MAI, MRICS has provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Terence J. Farr, MAI
NV Certified General Appraiser #A.0205475-CG



R. Clay Carson, MAI, MRICS
NV Certified General Appraiser #A.0003310-CG

Subject Photographs



Aerial Views

Subject Photographs

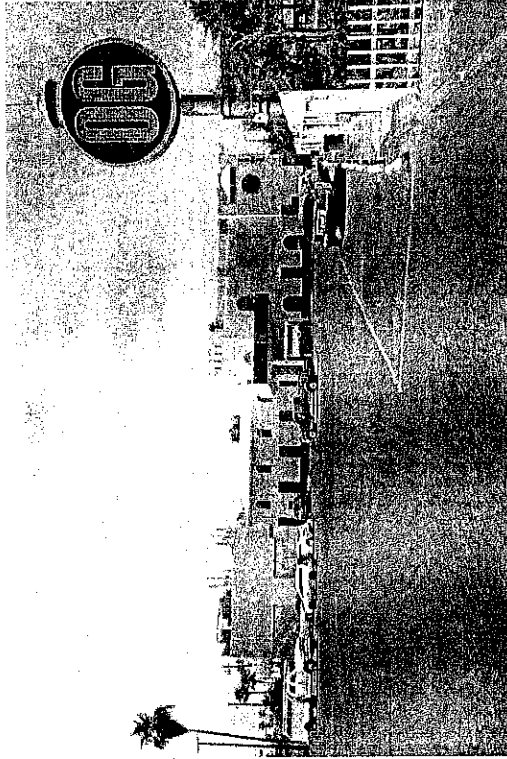


Photo 2

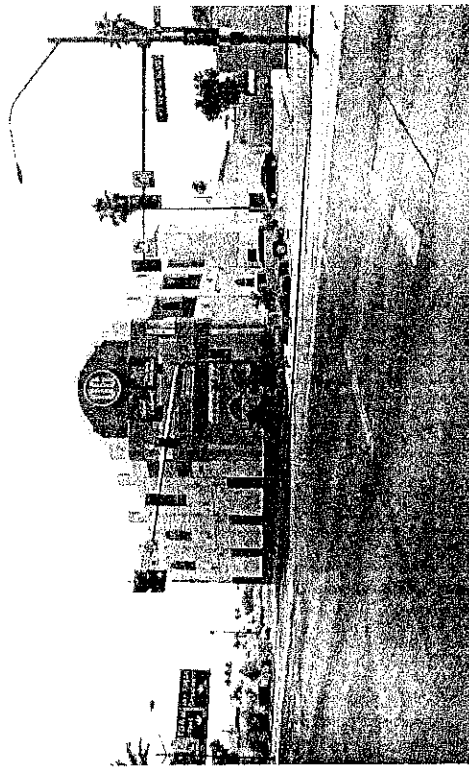


Photo 1



Photo 3

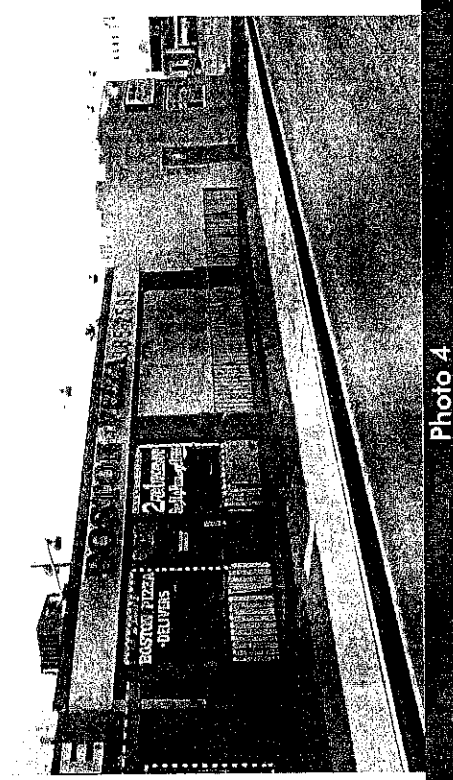


Photo 4

CBRE

Subject Photographs



Photo 6



Photo 8

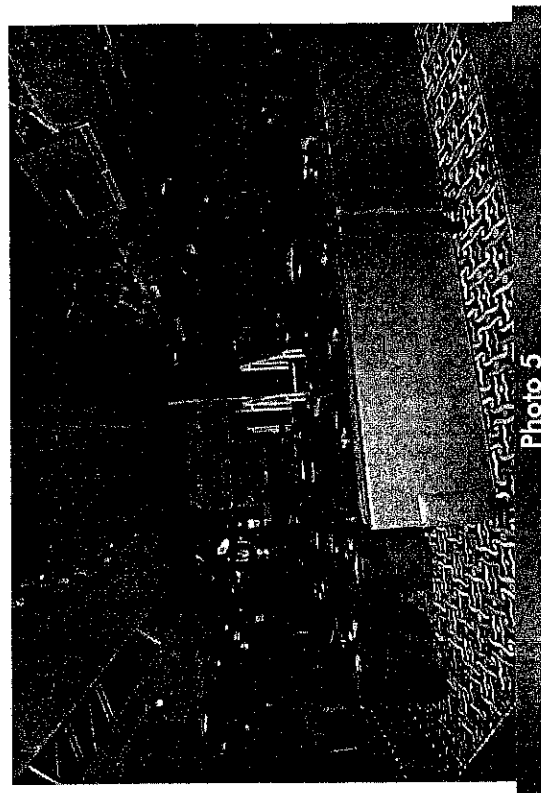


Photo 5

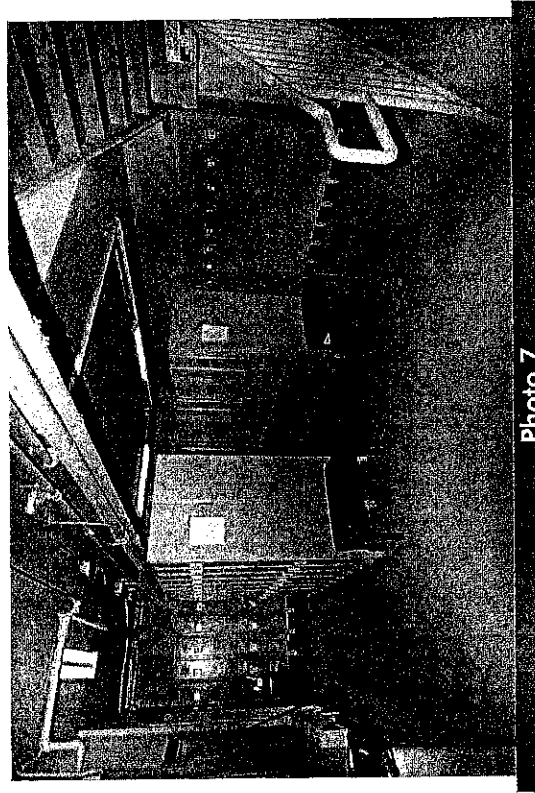


Photo 7

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Subject Photographs

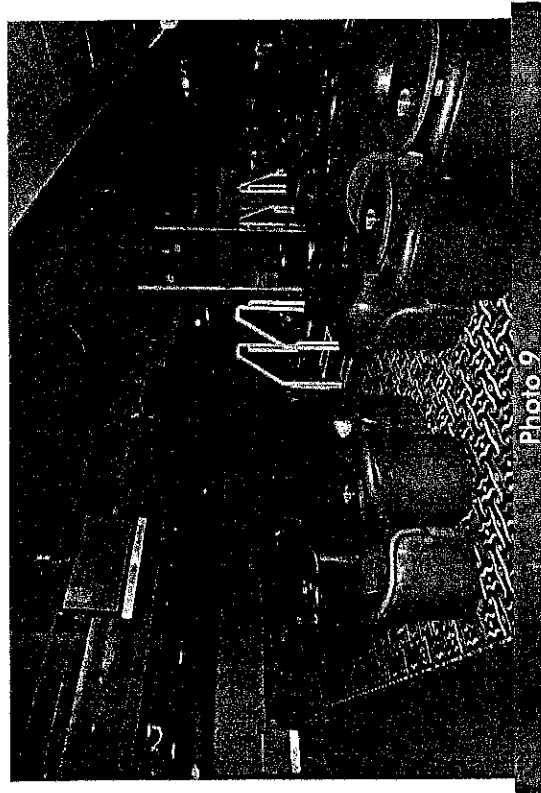


Photo 9

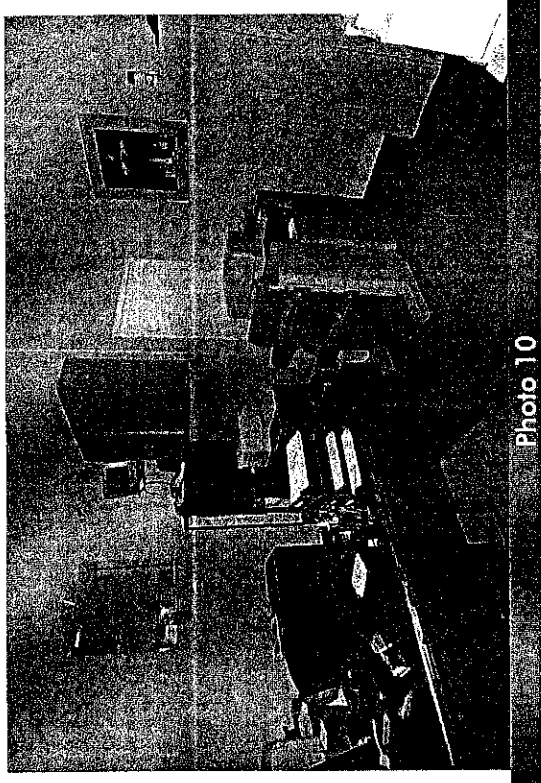


Photo 10



Photo 11

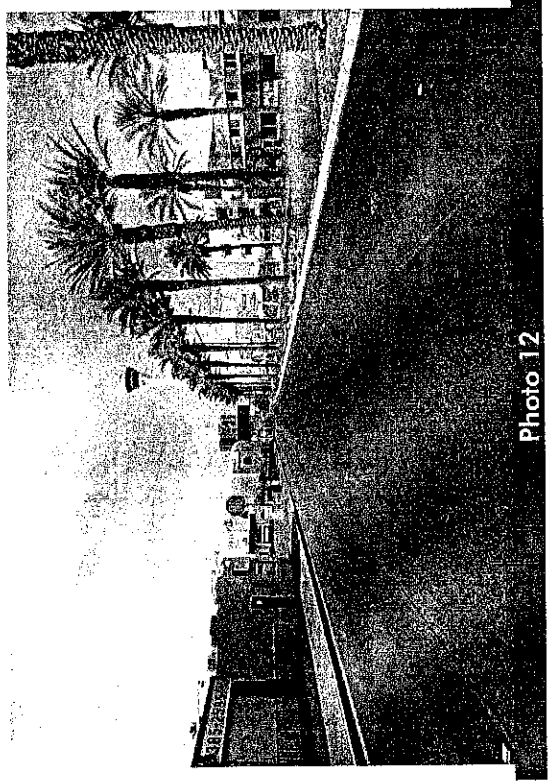


Photo 12

CBRE

Executive Summary

Property Name	OG (Olympic Gardens)		
Location	1531 S. Las Vegas Boulevard, Las Vegas, Clark County, Nevada 89104		
Owner of Record	Aristotle Holding, L.P.		
Legal Description	Located in Addenda		
Highest and Best Use	Hold in speculation for future "special use" development		
As If Vacant	Continued use of the existing improvements		
As Improved	Fee Simple Estate		
Property Rights Appraised	June 30, 2015		
Date of Report	June 26, 2015		
Date of Inspection	6 Months		
Estimated Exposure Time	6 Months		
Estimated Marketing Time	2.63 AC		
Land Area	114,563 SF		
Improvements	Special Use		
Property Type	2		
Number of Buildings	2		
Number of Stories	25,118 SF		
Gross Building Area	29,118 SF		
Gross Building Area (including free-standing restaurant)	1974		
Year Built	Good		
Condition	25,118 SF		
Major Tenants	Investor-Local		
OG (Olympic Gardens)	100.0%		
Buyer Profile	95.0%		
Financial Indicators	0.0%		
Current Occupancy	8.00%		
Stabilized Occupancy			
Stabilized Credit Loss			
Overall Capitalization Rate			
Pro Forma Operating Data	Total		Per SF
Effective Gross Income	\$1,151,456		\$45.84
Operating Expenses	\$199,603		\$7.95
Expense Ratio	17.33%		
Net Operating Income	\$951,853		\$37.00
VALUATION	Total		Per SF
Sales Comparison Approach	\$12,060,000		\$480.13
Income Capitalization Approach	\$11,900,000		\$473.76
CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple Estate	June 26, 2015	\$12,060,000
Compiled by CBRE			

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- The subject is 100% occupied by OG (Olympic Gardens) and is effectively owner-occupied with a non-arm's length lease;
- The subject is well located along the world famous Las Vegas Boulevard (the Strip) with excellent exposure and high traffic counts. The OG is the only cabaret club located on the Strip;
- The subject has been owned by the present owner for 23 years and has been well maintained.

Weaknesses/ Threats

- The weakened overall economy has contributed to depressed levels of consumer spending.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis."¹

- CBRE did not measure the building area of the subject. We have relied upon the sizes provided by the Clark County Assessor. It is an extraordinary assumption that the square footage utilized within the analysis is correct. We reserve the right to amend our value conclusion if found to be different than provided. Please see the improvement section for additional details.
- It was reported that the interior boutique is leased on month-to-month basis and has been for an extended period of time (years). Therefore, it is an extraordinary assumption of this appraisal that no contract leases exist with terms extending beyond one month.

Use of these extraordinary assumptions may have affected the assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."²

- None noted

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 73.

² *Dictionary of Real Estate Appraisal*, 97.

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Introduction

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Aristotle Holding, L.P., who acquired title to the property from the Eliades Family Trust and PJ Enterprises, LLC in January, 2005, as recorded in Document 20050128:00947 of the Clark County Deed Records. This was not an arm's length transaction, as the property has been under the same primary ownership since 1991.

To the best of our knowledge, there has been no ownership transfer of the property during the previous three years.

The subject is currently under contract for sale to Sterling Entertainment Group LV, LLC, and has received bankruptcy court approval, for \$12,500,000 (inclusive of inventory, FF&E, business vehicles, goodwill and intangible assets). The valuation contained in this report is for the real property only and does not include any value for inventory, FF&E, any vehicles, goodwill or intangible assets.

As will be shown later in the report, we have concluded an "As Is" market value slightly below the contract price.

INTENDED USE OF REPORT

This appraisal is to be used for financing purposes. No other use is permitted.

INTENDED USER OF REPORT

This appraisal is to be used by Kennedy Funding Financial. No other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and

³ Appraisal Institute, The Appraisal of Real Estate, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁴

PREMISE OF THE APPRAISAL

The following table illustrates the various dates associated with the valuation of the subject, the valuation premise(s) and the rights appraised for each premise/date:

PREMISE OF THE APPRAISAL		
Item	Date	Interest Appraised
Date of Report:	June 30, 2015	
Date of Inspection:	June 26, 2015	
Date of Value As Is:	June 26, 2015	Fee Simple Estate
Compiled by CBRE		

INTEREST APPRAISED

The subject has a current lease in place; however, the lease is not considered to be arm's length and has therefore not been given any consideration in this analysis. The value estimated represents the fee simple estate and defined as follows:

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.⁵

SCOPE OF WORK

This is a Restricted Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents limited discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses has been retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The reader is hereby advised that the opinions and

⁴ Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

⁵ *Dictionary of Real Estate Appraisal*, 78.

Introduction

conclusions contained herein may not be properly understood without additional information contained in the appraiser's work file. CBRE, Inc. completed the following steps for this assignment:

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

Extent to Which the Property is Inspected

The extent of the inspection included the interior and exterior of the subject, as well as its surrounding environs, on the effective date of appraisal.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

DATA SOURCES	
<i>Item:</i>	<i>Source(s):</i>
Site Data	
Size	Clark County Assessor public records, survey
Improved Data	
Building Area	Assessor records
Area Breakdown/Use	Physical inspection
No. Bldgs.	Physical inspection
Parking Spaces	Physical inspection, aerial photograph
Year Built/Developed	Clark County Assessor public records
Economic Data	
Income Data:	Information provided by property contact
Expense Data:	Information provided by property contact
Compiled by CBRE	

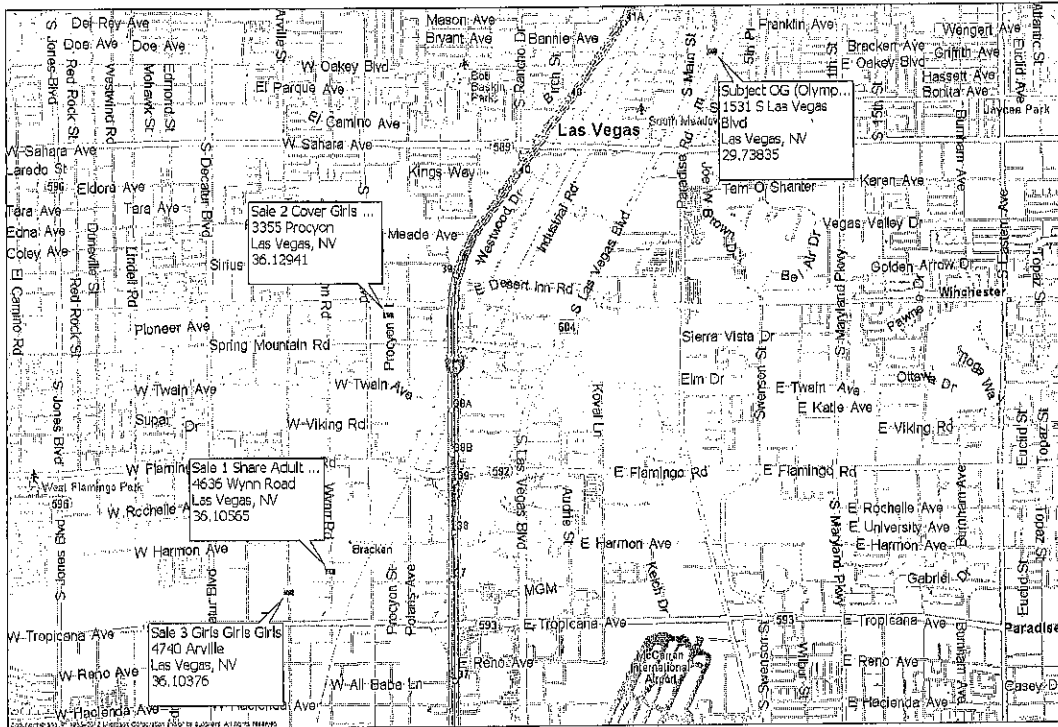
EXPOSURE/MARKETING TIME

The exposure/marketing time is a function of price, time and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

EXPOSURE/MARKETING TIME DATA			
Investment Type	Exposure/Mktg. (Months)		Average
	Range		
Comparable Sales Data	2.0	- 6.0	4.3
<i>CBRE Neighborhood Centers</i>			
Class A	1.0	- 21.0	4.7
<i>PwC Strip Shopping Center</i>			
National Data	2.0	- 12.0	6.3
Local Market Professionals	6.0	- 12.0	9.0
CBRE Exposure Time Estimate			6 Months
CBRE Marketing Period Estimate			6 Months
CBRE National Investor Survey & PwC Real Estate Survey			

Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE ADULT CABARET SALES

No.	Name	Transaction Type	Date	Year Built	GBA (SF)	Actual Sale Price	Price Per SF	Occ.	NOI Per SF	OAR
1	Share Adult Cabaret Nightclub, 4636 Wynn Road, Las Vegas, NV	Listing	Aug-14	2007	12,200	\$4,500,000	\$368.85	100%	N/A	N/A
2	Cover Girls Adult Cabaret, 3355 Procyon, Las Vegas, NV	Sale	Apr-12	1963	25,000	\$10,600,000	\$424.00	100%	N/A	N/A
3	Girls Girls Girls, 4740 Arville, Las Vegas, NV	Sale	Aug-12	2005	10,800	\$3,500,000	\$324.07	100%	\$33.33	10.29%
Subj.	OG (Olympic Gardens), Pro 1531 S. Las Vegas Boulevard, Forma Las Vegas, Nevada	---	---	1974/ 2009	25,118	---	---	95%	\$37.90	---

Compiled by CBRE

We are aware of a 2012 listing of the Crazy Horse Too gentlemen's club. The listing includes a club of 19,200 square feet and the remaining 41,754 square feet is industrial space. The Crazy Horse property is reported to be in poor condition and requires at least \$1.5 Million in repairs and upgrades. In addition, the Crazy Horse Too reportedly may have licensing issues with the current operator. It is not clear if this property will continue to operate for an extended period. Given these concerns, this comparable is not considered reasonable to utilize and has been eliminated from consideration.

Sales Comparison Approach

We are also aware of a currently vacant Adult Cabaret listing located at 6370 Windy Road. The property consists of 5,000 square feet on a 49,658 square foot site. The asking price is \$2,499,000, or \$499.80 per square foot. The previous tenant spent approximately \$300,000 in improvements to the real estate and \$500,000 in FF&E. The FF&E is included in the sale. Overall, we consider the unit indicator to be slightly above that which would apply to the subject. The following chart summarizes the adjustments warranted to each comparable.

ADULT CABARET SALES ADJUSTMENT GRID				
Comparable Number	1	2	3	Subj. Pro Forma
Transaction Type	Listing	Sale	Sale	---
Transaction Date	Aug-14	Apr-12	Aug-12	---
Year Built	2007	1963	2005	1974
GBA (SF)	12,200	25,000	10,800	25,118
Actual Sale Price	\$4,500,000	\$10,600,000	\$3,500,000	---
Price Per SF	\$368.85	\$424.00	\$324.07	---
Occupancy	100%	100%	100%	95%
NOI Per SF	N/A	N/A	\$33.33	\$37.90
OAR	N/A	N/A	10.29%	---
Adj. Price Per SF	\$368.85	\$424.00	\$324.07	
Property Rights Conveyed	0%	0%	0%	
Financing Terms ¹	0%	0%	0%	
Conditions of Sale	-5%	0%	0%	
Market Conditions (Time)	9%	10%	10%	
Subtotal - Price Per SF	\$381.94	\$466.40	\$356.48	
Location	30%	5%	25%	
Size	0%	0%	0%	
Age/Condition	-15%	5%	-15%	
Quality of Construction	10%	0%	10%	
Additional Income	13%	13%	13%	
Total Other Adjustments	38%	23%	33%	
Indicated Value Per SF	\$527.08	\$573.67	\$474.11	
Absolute Adjustment	82%	33%	73%	

Compiled by CBRE

SALE PRICE PER SQUARE FOOT CONCLUSION

Overall, Comparables 2 and 3 were given greatest consideration because they are closed transactions. Comparable 2 was closest to the subject in terms of size and location and was given slightly greater weight. Secondary consideration was given to Comparable 1. The following chart presents the valuation conclusion:

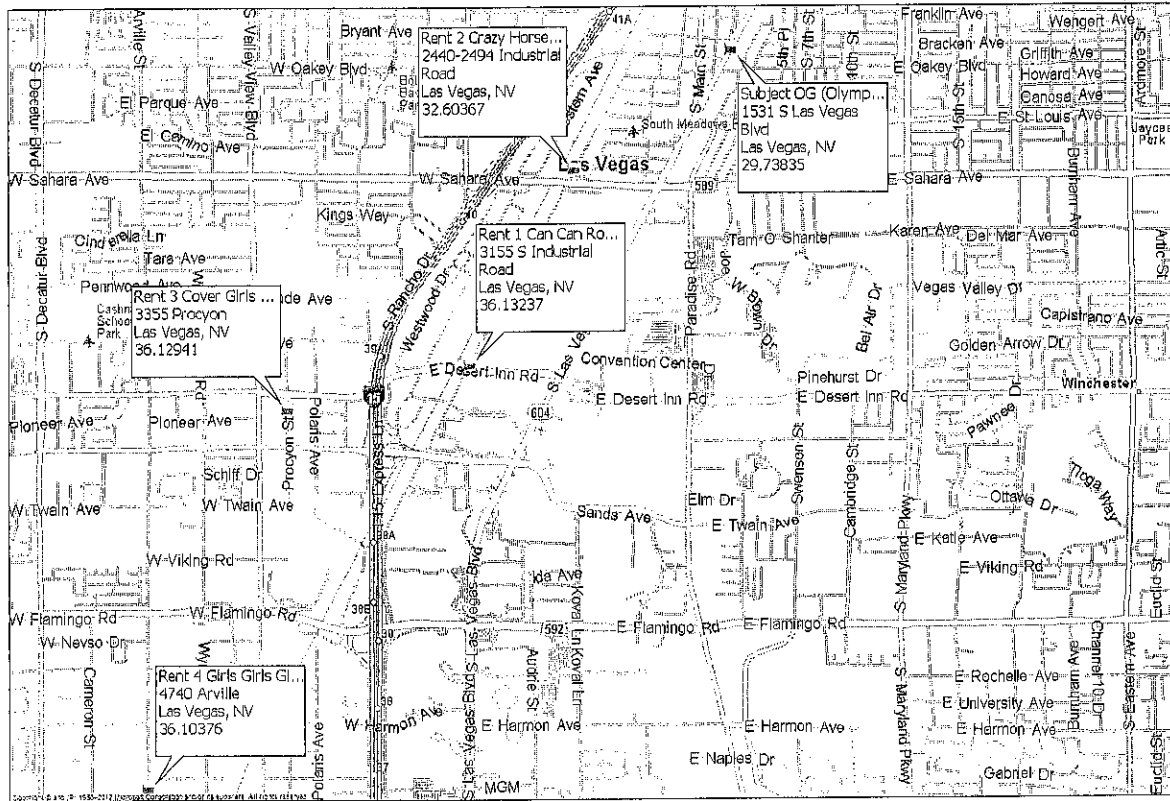
SALES COMPARISON APPROACH				
GBA (SF)	X	Value Per SF	=	Value
25,118	X	\$480.00	=	\$12,056,640
VALUE CONCLUSION				
Indicated Value				\$12,060,000
Value Per SF				\$480.13

Compiled by CBRE

Income Capitalization Approach

Income Capitalization Approach

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE ADULT CABARET RENTALS

Comp. No.	Property Name and Location	Year Built	GBA (SF)	Tenant Name	Lease Area (SF)	Lease Date	Lease Base Rent
1	Can Can Room 3155 S Industrial Road, Las Vegas, NV	1963	4,500	Can Can Room	4,500	Oct-12	\$33.89 PSF
2	Crazy Horse Too- Club 2440-2494 Industrial Road, Las Vegas, NV	1972	60,954	Crazy Horse Too	19,200	Oct-12	\$36.00 PSF
3	Cover Girls Adult Cabaret 3355 Procyon , Las Vegas, NV	1963	25,000	Cover Girls	25,000	Oct-12	\$36.00 PSF
4	Girls Girls Girls 4740 Arville, Las Vegas, NV	2005	10,800	Girls Girls Girls	10,800	Oct-12	\$33.33 PSF
Subj.	OG (Olympic Gardens) 1531 S. Las Vegas Boulevard, Las Vegas, Nevada	1974	25,118				---

Compiled by CBRE

Income Capitalization Approach

MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

MARKET RENT CONCLUSIONS	
Category	Club Space
GBA (SF)	25,118
Percent of Total SF	100.0%
Market Rent (\$/SF/Yr.)	\$36.00
Concessions	None
Reimbursements	NNN
Annual Escalation	2.0%
Tenant Improvements (New Tenants)	\$0.00
Tenant Improvements (Renewals)	\$0.00
Average Lease Term	10 Years
Compiled by CBRE	

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication.

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales	10.29%
Comparable Sales (Secondary)	7.15%-9.47%
Published Surveys	7.0% - 8.0%
Market Participants	7.75% - 8.25%
Band of Investment	8.00%
CBRE Estimate	8.00%
Compiled by: CBRE	

Income Capitalization Approach

Direct Capitalization Summary

A summary of the direct capitalization is illustrated in the following chart.

DIRECT CAPITALIZATION SUMMARY		
Income		
	\$/SF/Yr	Total
Potential Rental Income	\$36.00	\$904,248
Vacancy	5.00%	(45,212)
Net Rental Income	\$34.20	\$859,036
Other Income	5.49	138,000
Expense Reimbursements	6.15	154,421
Effective Gross Income	\$45.84	\$1,151,456
Expenses		
Real Estate Taxes	\$1.42	\$35,702
Property Insurance	0.25	6,280
Common Area Maintenance	4.80	120,566
Management Fee	3.00%	34,544
Reserves for Replacement	0.10	2,512
Operating Expenses	\$7.95	\$199,603
Operating Expense Ratio		17.33%
Net Operating Income	\$37.90	\$951,853
OAR		8.00%
Indicated Stabilized Value		\$11,898,159
Indicated As Is Value		\$11,898,159
Rounded		\$11,900,000
Value Per SF		\$473.76
Compiled by CBRE		

Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS	
Sales Comparison Approach	\$12,060,000
Income Capitalization Approach	\$11,900,000
Reconciled Value	\$12,060,000
Compiled by CBRE	

In valuing the subject, the Income Capitalization Approach is considered supportive but has been given secondary emphasis, with primary emphasis placed on the Sales Comparison Approach.

Although the Cost Approach is generally applicable for this property type, it is not considered to be the most reliable approach to value for the subject.

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	June 26, 2015	\$12,060,000
Compiled by CBRE			

Assumptions and Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of

Assumptions and Limiting Conditions

- any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.
6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
 7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
 8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 9. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
 10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
 11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
 12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
 13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
 14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.
 15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.

Assumptions and Limiting Conditions

16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

Addenda

ADDENDA

Addenda

Addendum A

QUALIFICATIONS

QUALIFICATIONS OF

Terence J. Farr, MAI
Vice President

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EDUCATION

Bachelor of Science Degree, Business Administration (Financial Services), University of Nevada – Las Vegas, 2006

LICENSE(S)/CERTIFICATION(S)

Certified General Real Estate Appraiser: State of Nevada (A.0205475-CG)

PROFESSIONAL

Appraisal Institute - Designated Member (MAI)
Completed curriculum and passed examinations of the Litigation Professional Development Program of the Appraisal Institute

EMPLOYMENT EXPERIENCE

2005-2008	Appraisal Reviewer	Nevada State Bank	Las Vegas, NV
2008-2013	Independent Fee Appraiser	Timothy R. Morse & Associates	Las Vegas, NV
2013-5/2015	Senior Appraiser	CBRE, Inc.	Las Vegas, NV
6/2015-Present	Vice President	CBRE, Inc.	Las Vegas, NV

Professional experience has been in the preparation and review of real estate appraisals, feasibility studies, rent analyses and market studies of commercial and industrial properties. Primary experience encompasses a wide variety of property types including office, retail, industrial, medical office and special purpose properties.

Experience includes appraisal assignments in Nevada and review assignments in Nevada, Arizona, California and Utah.

The Intermountain Region of CBRE, Inc. Appraisal Services covers the states of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, Nevada, New Mexico, North and South Dakota, Utah and Wyoming. The regional office is based in Phoenix, Arizona, with satellite offices in the cities of Colorado Springs, Denver, Des Moines, Las Vegas, Omaha, Minneapolis, Salt Lake City and Tucson.

QUALIFICATIONS OF

R. CLAY CARSON, MAI, MRICS
Managing Director

CBRE, Inc.
Valuation & Advisory Services
3993 Howard Hughes Parkway, Suite 720
Las Vegas, NV 89169-0961
Phone: (702) 933-6761
Fax: (702) 933-6766
E-Mail: clay.carson@cbre.com

EDUCATION

Bachelor of Science Degree, Agricultural Economics, Texas A & M University, 1985

LICENSE(S)/CERTIFICATION(S)

Certified General Real Estate Appraiser: State of Nevada (A.0003310-CG)

PROFESSIONAL

Appraisal Institute - Designated Member (MAI)
Member of the Royal Institution of Chartered Surveyors (MRICS)

EMPLOYMENT EXPERIENCE

1985-1988	Independent Fee Appraiser	Woody Nelson & Co., Inc.	Houston, TX
1988-1990	Staff Appraiser / Reviewer	Bank One, Texas	Houston, TX
1990-1996	Senior Manager	The Gerald A. Teel Co., Inc.	Houston, TX
1996-1997	Commercial Analyst	Harris County Appraisal District	Houston, TX
1998-1999	Senior Real Estate Analyst	CB Richard Ellis, Inc.	Houston, TX
1999-2004	Senior Real Estate Analyst	CB Richard Ellis, Inc.	Las Vegas, NV
2005-Present	Managing Director	CBRE/CB Richard Ellis, Inc.	Las Vegas, NV

Professional experience has been in the preparation and review of real estate appraisals, feasibility studies, rent analyses and market studies of commercial and multi-family residential properties. Primary experience encompasses a wide variety of property types including office, retail, industrial, multifamily, medical office, golf course / country clubs, restaurant, low-income housing, branch banks and special purpose properties.

Experience includes assignments in Arizona, Nevada, Texas, Florida, Alabama, Louisiana, Massachusetts, Pennsylvania, Iowa, Ohio, Michigan, Kentucky, Missouri, Kansas, Oklahoma, New Mexico and Idaho.

The Intermountain Region of CB Richard Ellis, Inc. Appraisal Services covers the states of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, Nevada, New Mexico, North and South Dakota, Utah and Wyoming. The regional office is based in Phoenix, Arizona, with satellite offices in the cities of Colorado Springs, Denver, Des Moines, Las Vegas, Omaha, Minneapolis, Salt Lake City and Tucson.

Exhibit 6

Exhibit 6

COMMERCIAL LEASE AGREEMENT

This LEASE AGREEMENT (hereinafter referred to as the "Lease") is by and between PETER ELIADES ("Landlord"), and ELENI GIANNOPOULOS ("Tenant").

1. **PREMISES AND POSSESSION.** The Landlord hereby leases to the Tenant and the Tenant hereby takes from the Landlord, for the Term and upon the conditions hereinafter provided, the Premises located at 1507 Las Vegas Blvd. South, Las Vegas, Nevada 89104 ("Premises").
2. **TERM.** This lease shall begin on the 1st day of August, 2014, and end on the last day of August, 2017, unless sooner terminated as provided herein, subject to the terms and conditions set forth below. This shall be known as the Initial Term.
3. **LEASEHOLD IMPROVEMENTS.** Tenant is taking the Premises and accepting the condition of the Premises "AS IS" and Landlord is under no obligation to make any structural or other alterations, decoration, additions or improvements. Tenant shall not make, and shall not commence, any improvement that has not been previously approved by the Landlord. If any improvement is made or commenced without the Landlord's consent, and the Landlord does not give subsequent approval thereof, the Tenant shall, upon receiving written notice from the Landlord, restore that portion of the Premises affected by the improvement to its preexisting condition at Tenant's expense.
4. **BASE RENT.** The Tenant agrees to pay to the Landlord at such other place as the Landlord may hereafter from time to time designate in writing, without demand, annual Base Rent in the amount of TWENTY FOUR THOUSAND DOLLARS (\$24,000.00), payable in monthly installments of TWO THOUSAND DOLLARS (\$2,000.00).
 - a. **Due Date.** All monthly installments of Base Rent shall be payable in advance on or before the first day of each calendar month during the Term. In the event any fractional months occur during the Term, the Tenant shall pay Base Rent on a pro rata basis calculated on the ratio of the actual number of days the Tenant is in possession to the total days in the month in question. The Base Rent and Operating Costs are sometimes here in collectively referred to as the rent.
 - b. **Independent Covenant.** Tenant's obligation to pay the Base Rent, Operating Costs and other amounts due under this Lease is an independent covenant, and is and shall not be subject to any abatement, deduction, counterclaim, reduction, set-off or defense of any kind whatsoever. The covenants and obligations of Landlord under this Lease

graphics placed in any window of the Premises, or elsewhere in the Premises, which may be seen from outside the Premises.

8. **TENANT'S ADDITIONAL WARRANTIES.** In addition to any warranties or covenants made or to be kept by the Tenant pursuant to any other provision contained elsewhere herein, the Tenant hereby agrees:
- a. To not commit any nuisance or waste on the Premises, throw foreign substances in plumbing facilities, or waste the services, if any, furnished by the Landlord;
 - b. To not place any items in or otherwise obstruct entries, halls, stairways, sidewalks, or other Common Areas, and not use the same for anything other than their intended purpose;
 - c. To pay when due all installments of rent, and to comply with any and all of the Tenant's other covenants and agreements contained in this Lease;
 - d. To store all trash and garbage and make the same available for regular pick-up; and
 - e. To conduct its business at all times in good faith, and in a high grade and reputable manner.
9. **LAND LORD'S RIGHT TO FIX OR REPAIR.** If the Tenant shall fail to keep and preserve the Premises in the state of condition required by any provision of this Lease, the Landlord may, at its option, provide Tenant with written notice of such failure as provided here in. If the condition specified in any such notice shall continue for a period of ten (10) days after the date of the notice, Landlord may, at its option, put or cause the same to be put in the required condition and state of repair without liability to Tenant for any loss or damage that may accrue to Tenant's property or business by reason thereof. In such case, the Tenant, on demand, shall pay as Additional Rent, the cost thereof together with interest thereon from the date paid.
10. **USE.** Subject to the Tenant's ability and obligation to obtain all necessary governmental approvals and permits, the Tenant may use and occupy the Premises for the use of a tavern. Landlord disclaims any warranty that the Premises are suitable for Tenant's use and Tenant acknowledges that it has had a full opportunity to make its own determination in this regard.
- a. **Compliance With Laws.** The Tenant further warrants that it will not commit or permit any act to be performed, or any omission to occur on the Premises or Premises that will be in violation of any present or future law, ordinance, regulation or order of any governmental unit having jurisdiction over the Premises or Premises. This section shall specifically apply to the conformance with all health, safety, building, liquor, gaming, and business licensing codes as the same may relate to any equipment or fixtures on the Premises or to any other aspect of the operation of the Tenant's business.

11. **MAINTENANCE AND REPAIR.** The Landlord shall maintain the foundations, exterior walls (except plate glass or other breakable material used in structural portions which shall be the responsibility of the Tenant as to that portion of such plate glass or other structural materials that may be located within or form part of the boundary of the Premises) and roof of the Premises in good repair, ordinary wear and tear excepted, unless the need for any such repair or replacement is directly or indirectly attributable to or results from activity being conducted within the Premises, or is necessary to accommodate Tenant's operations, or becomes necessary by reason of the negligence of the Tenant, its agents, servants, employees, or anyone else for whose acts the Tenant is responsible. The costs of routine maintenance and repair of the Premises shall be paid directly by the Tenant.
- a. **Tenant's Maintenance Obligations.** The Tenant, at its own expense, shall maintain the Premises at all times in as good condition and repair of equal quality with the original work and condition, ordinary wear and tear excepted, and in a clean, sanitary, and safe condition in accordance with all applicable laws, ordinances, and regulations; including, without limitation, all plumbing, sewage, ventilating, and electrical systems serving the Premises, doors, windows, floors and floor coverings, interior walls and all interior painting and decorating, and all equipment, facilities, fixtures, and appurtenances. The Tenant shall permit no waste, damage, or injury to the Premises. If the Tenant refuses or neglects to commence necessary repairs within a reasonable period (no longer than ten (10) consecutive days) after written request, or does not adequately complete such repairs within a reasonable period (no longer than ten (10) consecutive days) after written request, or does not adequately complete such repairs within a reasonable time thereafter, the Landlord may make the repairs. If the Landlord makes such repairs, the Tenant shall pay to the Landlord as Additional Rent the amount so paid by the Landlord and/or all costs and expenses incurred by the Landlord in making the above maintenance or repair, including reasonable attorneys' fees. All such Additional Rent shall be due and payable by the Tenant to the Landlord on demand.
- b. **Glass Windows.** The Tenant shall replace, forthwith, any cracked or broken glass with glass of the same quality, including plate glass or glass and other breakable materials used in structural portions in any interior or exterior windows and doors in the Premises. If not covered by insurance, the Tenant shall bear the expense of any such glass replacement directly.
12. **LANDLORD'S RIGHT OF ACCESS.** The Landlord, its employees, and agents shall have the right to enter the Premises at all reasonable times for the purpose of inspecting, cleaning, or repairing the Premises, or any portion thereof, or to exhibit the Premises to prospective tenants, purchasers, or others the Landlord may deem appropriate. Specifically, the Landlord, its employees, or agents shall

also be permitted to install on or through the Premises conduits or other utility lines or services as the Landlord may deem necessary or appropriate.

13. **ALTERATIONS.** Tenant shall not make any alterations, additions, or improvements in or to the Premises, or add, disturb, or in any way change any plumbing or wiring therein without the written consent of the Landlord as to the character and detailed plans of the alteration, addition, or improvement to be made, the manner of doing the work, the appropriate indemnifications for the Landlord, the persons to do the work, the providing of the costs therefor, the returning of the Premises to the condition in which they were at the commencement (if required by the Landlord), and other requirements or assurances that may be required by the Landlord.
14. **ASSIGNMENT OR SUBLETTING.** Tenant will not assign, transfer, mortgage or encumber this Lease or sublet or rent or permit occupancy or use of the Premises, or any part thereof by any third party; nor shall any assignment or transfer of this Lease be effectuated by operation of law or otherwise, (any of the foregoing being hereinafter referred to as an "Assignment") without in each such case obtaining the prior written consent of Landlord. The consent by Landlord to any Assignment shall not be construed as a waiver or release of Tenant from the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any transferee under an Assignment constitute an acceptance of the Assignment or a waiver or release of Tenant or any transferee of any covenant or obligation contained in this Lease, nor shall any Assignment be construed to relieve Tenant from the requirement of obtaining the consent in writing of Landlord to any further Assignment.
15. **Intentionally Omitted.**
16. **FIRE OR OTHER CASUALTY.** If fire or other casualty shall render the Premises untenable for a period in excess of sixty (60) days, either party shall have the right to terminate this Lease forthwith, in which case all rent owed to the Landlord shall be calculated and paid to the Landlord within ten (10) days of the Landlord's request therefor and any prepayments of rent shall be credited against the rent owed to the Landlord. If the Premises can be restored to a tenable condition within sixty (60) days from the date of such event, then, at the Landlord's option, by notice in writing to the Tenant, mailed within ten (10) days after such event, this Lease shall remain in full force and effect, with the exception that the Base Rent for the period during which the Premises were untenable shall be abated pro rata.

17. **CONDEMNATION: EMINENT DOMAIN.** If the whole of the Premises shall be taken by any public authority under the power or threat of eminent domain, then the Term of this Lease shall cease as of the day possession shall be taken by such public authority, and the rent shall be paid up to that date with a proportionate refund by Landlord of such rent as may have been paid in advance, if any. If a portion of the Premises shall be taken by any public authority under the power or threat of eminent domain, the Base Rent shall be abated pro rate based on the percentage of square footage taken.
18. **SURRENDER AND TREATMENT OF IMPROVEMENTS.** On the last day of the Term or on the sooner termination thereof, the Tenant shall peaceably surrender the Premises in the condition required of the Tenant and consistent with the Tenant's duty to make alterations, modifications, or repairs pursuant to this Lease. All permanent alterations, additions, improvements and fixtures, other than trade fixtures, that may be made or installed by either of the parties hereto on the Premises shall, at the time of such installation, become the property of the Landlord and shall remain on and be surrendered with the Premises as a part thereof, without damage or injury and without compensation or credit to the Tenant unless the Landlord, at its option, requires the removal of any such alterations, additions, improvements, or fixtures. All nonpermanent alterations, additions, improvements, and fixtures that may be made or installed by the Tenant on the Premises shall remain at all times the property of the Tenant and shall be removed by the Tenant on termination of this Lease.
- a. **Designation by Landlord.** At the time the Tenant applies for the Landlord's written consent to any alterations, additions, improvements, and fixtures, the Landlord shall determine, in its reasonable discretion, which are to be deemed permanent and which are nonpermanent for purposes hereof, provided, however, that failure of the Landlord to do so shall not be deemed a waiver of its right to do so at a later time, or of any of its other rights with respect thereto pursuant to statute or common law.
- b. **Tenant's Failure to Surrender.** If the Premises are not surrendered at the end of the Term or sooner termination thereof, the Tenant shall indemnify the Landlord against any loss or liability from delay by the Tenant in so surrendering the Premises, including, without limitation, claims made by any succeeding Tenant founded on such delay. The Tenant shall promptly surrender all keys for the Premises to the Landlord at the place then fixed for payment of rent and shall inform the Landlord of combinations on any locks and safes on the Premises.
- c. **Holding over.** In the event that the Tenant, with the Landlord's express permission, remains in possession of the Premises after the expiration of its Lease without the execution of a new Lease, it shall be deemed to be occupying the Premises as a tenant from month-to-month, subject to all the conditions and provisions of this Lease, insofar as the same can be

applicable to a month-to-month tenancy, except that the Base Rent shall be double the amount stated herein.

19. **DEFAULT.** The following shall constitute an "Event of Default" under the terms of this Lease:
- a. If the Tenant shall fail to timely pay, when due, any rent, Additional Rent, or other sums due under this Lease, and any such rent or other sums shall remain unpaid for five (5) days after the same becomes due;
 - b. If the Tenant shall fail to observe or perform any of the covenants, terms or conditions of this Lease;
 - c. The existence of any collusion, fraud, dishonesty or bad faith by or with the acquiescence of the Tenant, which in any way relates to or affects this Lease or the Premises;
 - d. If at any time any material representation, statement, report or certificate made now or hereafter by the Tenant is not true and correct, or if at any time any statement or representation made by the Tenant is not true and correct, and such representation, statement, report or certificate is not corrected within ten (10) days after written notice thereof;
 - e. If all or a substantial part of the assets of the Tenant are attached, seized, subjected to a writ or distress warrant, or are levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days;
 - f. If the Tenant is enjoined, restrained or in any way prevented by court order from performing any of its obligations hereunder or conducting all or a substantial part of its business affairs; or if a proceeding seeking such relief is not dismissed within thirty (30) days of being filed or commenced;
 - g. If a notice of lien, levy or assessment is filed of record with respect to all or any part of the property of the Tenant by the United States, or any other governmental authority, unless contestable and actually and diligently contested in accordance herewith;
 - h. If the Tenant shall file a voluntary petition for bankruptcy or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter in effect;
 - i. If the Tenant shall file an answer or other pleading or any proceeding admitting insolvency, bankruptcy, or inability to pay its debts as they mature;
 - j. If, within thirty (30) days after the filing against it of any involuntary proceedings under the Federal Bankruptcy Code or similar law, state or federal, now or hereafter in effect, the Tenant shall fail to have such proceeding vacated;
 - k. If the Tenant shall fail to vacate, within thirty (30) days following the entry thereof, any order appointing a receiver, trustee or liquidator for it or all or a major part of its property, either on or off the Premises;

- l. If the Tenant shall be adjudicated as bankrupt;
- m. If the Tenant shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver or trustee or liquidator of all or the major part of its property, or the Premises;
- n. If the Tenant shall die, or shall be judicially declared to be incompetent if a natural person, or if such Tenant is a firm, partnership, or corporation, be dissolved, terminated or merged, except as the same shall constitute an Assignment pursuant to Section 14 hereof to which the Landlord gives consent;
- o. If the Tenant shall sell, convey, transfer or assign all or a major portion of its inventory, fixtures or other personal property, either on or off the Premises, without replacing same with comparable equivalents within thirty (30) days;
- p. If the Tenant shall sell, convey, transfer or assign any of the Tenant's rights, title, or interest in the Premises or this Lease, unless with the consent of Landlord in accordance with Section 14 hereof;
- q. If the Tenant abandons the Premises before the end of the Term;
- r. If the Tenant shall, at any time during the Term of this Lease, fail to carry in full force and effect any of the insurance coverage required by Paragraph 20 of this Lease.

I. Default -Nonpayment of Rent. If any installment of rent is not paid by Tenant within four days of the date when due (e.g., if Base Rent is not paid by the fifth day of a month): (i) a one-time late charge in the amount of one hundred dollars (\$100.00) shall become immediately due and payable as compensation to Landlord for administrative costs; and (ii) the unpaid balance due Landlord shall bear interest at the Interest Rate from the date such installment became due and payable to the date of payment thereof by Tenant, and such late charge(s) and interest shall constitute Additional Rent hereunder which shall be immediately due and payable. The "Interest Rate" as used herein means the lesser of: the maximum rate permitted by law; and eighteen percent (18%) per annum.

II. Waiver. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installments of rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent nor shall any endorsement or statement on any check or letter accompanying a check for payment of rent be deemed an accord and satisfaction, nor shall acceptance of rent with knowledge of breach constitute a waiver of the breach, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent, to terminate this Lease, to repossess the Premises or to pursue any other remedy provided in this Lease. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant shall be considered an acceptance of a surrender of the Lease.

III. **Remedies.** Upon the occurrence of any Event of Default, the Landlord shall have any one or more of the following remedies:

- a. The Landlord may immediately terminate this Lease by notice to the Tenant. Upon such termination by the Landlord, the Tenant will at once surrender possession of the Premises to the Landlord and remove all of the Tenant's effects therefrom; and the Landlord may forthwith re-enter the Premises and repossess itself thereof, and remove all persons and effects therefrom using such force as may be necessary without being guilty of trespass, forcible entry or detainer or other tort.
- b. Enter upon and take possession of the Premises by picking or changing the locks if necessary, and lock out, expel or remove the Tenant or any other person who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor, with or without having terminated this Lease;
- c. Landlord may enter upon the Premises by force if necessary without being liable for prosecution or any claim for damages therefor, and remedy such default for the account and at the expense of the Tenant without thereby waiving such default, and the Tenant further agrees that the Landlord shall not be liable for any damages resulting to the Tenant from such action;
- d. Whether or not this Lease has been terminated, Landlord may, but shall not be obligated to, attempt to re-lease the Premises for the account of Tenant in the name of Landlord or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and for such terms (which may include concessions or free rent) and for such uses as Landlord, in its uncontrolled discretion, may determine, and may collect and receive the rent therefor.
- e. No termination of this Lease pursuant to Subsection (a) or repossession of the Premises pursuant to Subsection (b) shall relieve Tenant of its liabilities and obligations under this Lease, all of which shall survive any such termination or repossession. In the event of any such termination or repossession, whether or not the Premises shall have been re-leased, Tenant shall pay to Landlord the Base Rent, Operating Costs, Additional Rent and other sums and charges to be paid by Tenant up to the time of such termination or repossession, and thereafter Tenant, until the end of what would have been the Term in the absence of such termination or repossession, shall pay to Landlord, as and for liquidated and agreed current damages for Tenant's default, the equivalent of the amount of the Base Rent, Operating Costs, Additional Rent and such other sums and charges which would be payable under this Lease by Tenant if this Lease were still in effect, less the net proceeds, if any, of any re-letting effected pursuant to the provisions of Subsection (d) after deducting all of Landlord's expenses in connection with such re-letting, including, without limitation, all repossession costs, brokerage and management

commissions, operating expenses, legal expenses, attorneys' fees, alteration costs, and expenses of preparation for such re-letting. Tenant shall pay such current damages to Landlord monthly on the days on which the Base Rent would have been payable under this Lease if this Lease were still in effect, and Landlord shall be entitled to recover the same from Tenant on each such day.

- f. In the event the Tenant deserts, vacates, or abandons the Premises, the Landlord may remove and store any property which remains in the Premises. In addition to the Landlord's other rights, the Landlord may dispose of the stored property if the Tenant does not claim the property within ten (10) days after the date the property is stored. The Landlord may charge a reasonable storage fee, which fee Tenant must pay before claiming the property. The Landlord shall deliver by certified mail to the Tenant, at the address specified for notice to the Tenant herein, a notice that the Landlord may dispose of the property if the Tenant does not claim it within ten (10) days after the date the property is stored.
- g. The Landlord may bring an action in a court of competent jurisdiction to collect any amounts due and owing under this Lease and/or to compel the Tenant to perform any and all of Tenant's obligations under this Lease.
- h. The Landlord may charge all costs to cure any default or offset any loss caused by the Tenant's default to the Tenant as Additional Rent; and
- i. The Tenant shall pay, in addition to the rent and other sums agreed to be paid hereunder, all costs, including without limitation reasonable attorneys' fees, incurred by the Landlord that result from enforcing the provisions of this Lease.

20. INSURANCE. The Tenant agrees to secure and keep in force from and after the Commencement Date of this Lease and throughout the full Term of the Lease, at the Tenant's own cost and expense, the following:

- a. "All Risk" property insurance on the Premises, as well as the entire Premises. Such insurance shall include coverage for the full replacement value of all of Tenant's leasehold improvements, trade fixtures and personal property within the premises. Landlord shall be named as loss payee under all such policies as well as any other individuals or entities Landlord may from time to time designate upon written notice to Tenant.
- b. Commercial general liability insurance on the Premises as well as the Premises, providing coverage on an "occurrence" rather than a "claims made" basis, which policy shall include coverage for Bodily Injury, Property Damage, Personal Injury, Contractual Liability (applying to this Lease), and Independent Contractors, in current Insurance Services Office form or other form which provides coverage at least as broad. Tenant shall maintain a combined policy limit of at least \$2,000,000 applying to Bodily Injury, Property Damage and Personal Injury, which limit may be satisfied by Tenant's basic policy, or by the basic policy in combinations with umbrella or excess policies so long as the coverage is

at least as broad as that required herein. Such liability, umbrella and/or excess policies may be subject to aggregate limits so long as the aggregate limits have not at any pertinent time been reduced to less than the policy limit stated above, and provided further that any umbrella or excess policy provides coverage from the point that such aggregate limits in the basic policy become reduce or exhausted. Landlord, as well as any other individuals or entities Landlord may from time to time designate upon notice to Tenant, shall be named as an additional insured under all such policies.

- c. **Other Requirements.** All policies of insurance procured by the Tenant shall:
- Landlord;
- i. Be issued by insurance companies reasonably acceptable to the
 - ii. Be written as primary policies not contributing with and not in excess of coverage that the Landlord may carry;
 - iii. All comprehensive general liability insurance procured by the Tenant under this section shall be issued for the benefit of the Landlord and the Tenant as their respective interests may appear; and
 - iv. Contain endorsements providing as follows:
 1. That such insurance may not be materially changed, amended, or canceled with respect to the Landlord except after twenty (20) days' prior written notice from the insurance company to the Landlord, sent by registered mail;
 2. That the Tenant be solely responsible for the payment of all premiums under such policy and that the Landlord shall have no obligation for the payment thereof notwithstanding that the Landlord is or may be named as an insured.
- d. **Proof of Coverage.** The original policy or policies, or duly executed certificates for the same, together with reasonably satisfactory evidence of payment of the premium thereof, shall be delivered to the Landlord within five (5) days of the date of execution of this Lease, and on renewals of such policies not less than twenty (20) days prior to the expiration of the term of any such coverage.

21. **INDEMNITY BY TENANT.** Tenant shall hold Landlord harmless and release and indemnify Landlord from all injury, loss, claims or damage to any person or property while on the Premises, unless caused by the willful acts or omissions or gross negligence of Landlord, their employees, agents, licensees or contractors.

22. **GENERAL PROVISIONS.**

- a. **Mechanic's liens.** The Tenant agrees to promptly pay all sums of money in respect of labor, services, materials, supplies, or equipment furnished or alleged to have been furnished to the Tenant in or about the Premises,

and the Tenant shall not permit any mechanic's, material man's, or other lien to arise or be filed against the Premises or the Landlord's interest therein. The Tenant shall save, hold harmless, and defend the Landlord from liability or other damage that the Landlord may incur as a result of such liens in the event the same arise or are filed in contravention of the immediately preceding sentence. If any such mechanic's lien shall at any time be filed, the Tenant shall forthwith cause the same to be discharged of record by payment, bond, order of a court of competent jurisdiction or otherwise, provided the Tenant first posts a bond in favor of the Landlord in a form and substance acceptable to the Landlord, which shall be conditioned on the successful contest by the Tenant of any such lien. The Tenant shall have the right to contest in good faith, any and all such liens. If the Tenant shall fail to cause such lien to be discharged within thirty (30) days after being notified of the filing thereof and before judgment or sale thereunder, then, in addition to any other right or remedy the Landlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by the Landlord, and the amount so paid by the Landlord and/or all costs and expenses incurred by the Landlord in procuring the discharge of such lien, including reasonable attorneys' fees, shall be deemed to be Additional Rent for the Premises and shall be due and payable by the Tenant to the Landlord on demand. Nothing contained in this Lease shall be construed as a consent on the part of the Landlord to subject the Landlord's estate in the Premises or any portion of the Premises to any lien or liability under the lien laws of the State of Nevada. The Landlord shall have the right to post and maintain on the Premises notices of non-responsibility under the laws of Nevada.

- b. **Keys.** Any and all keys to the Premises shall be surrendered to Landlord on the termination of this Lease.
- c. **No partnership, joint venture, or fiduciary relationship created.** Nothing contained in this Lease shall be interpreted as creating a partnership, joint venture, or relationship of principal and agent between the Landlord and the Tenant, it being understood that the sole relationship created hereby is one of landlord and tenant.
- d. **Cumulative rights.** No right or remedy herein conferred on or reserved to the Landlord is intended to be exclusive of any other right or remedy provided by law, but each shall be cumulative in and in addition to every other right or remedy given herein or elsewhere, or hereafter existing at law, in equity, or by statute.
- e. **Notices.** All communications, demands, notices, or objections permitted or required to be given or served under this Lease shall be in writing and shall be deemed to have been duly given or served if delivered in person to the other party or its duly authorized agent, or deposited in the United States mail, postage prepaid, for mailing by certified or registered mail,


return receipt requested, or if telegraphed, by prepaid telegram, and addressed to the other party to this Lease, to the address set forth next to such party's signature at the end of this Lease, and if to an entity not a party to this Lease, to the address designated by a party to this Lease in the foregoing manner. Any party may change its address by giving notice in writing, stating its new address, to any other party as provided in the foregoing manner.

- f. **Successors and assigns.** This Lease shall be binding on and inure to the benefit of the parties hereto and their respective assigns, executors, heirs, personal representatives, and successors, provided, however, that nothing in this section shall be interpreted as granting the Tenant the right to assign this Lease or sublet the Premises.
- g. **Amendment, modification, or waiver.** No amendment, modification, or waiver of any condition, provision, or term of this Lease shall be valid or of any effect unless made in writing, signed by the party or parties to be bound, or its duly authorized representative, and specifying with particularity the extent and nature of such amendment, modification, or waiver. Any waiver by any party of any default shall not affect or impair any right arising from any subsequent default.
- h. **Severable provisions.** Each provision, section, sentence, clause, phrase, and word of this Lease is intended to be severable. If any provision, section, sentence, clause, phrase or word hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Lease.
- i. **Entire agreement.** This Lease contains the entire understanding of the parties hereto with respect to the transactions contemplated hereby and supersedes all prior agreements and understandings between the parties with respect to such subject matter and the Premises, including but not limited to any rent reductions, addendums, assignments, and amendments between the parties and any assignees thereto.
- j. **Captions, headings, or titles.** All captions, headings, or titles in the paragraphs or sections of this Lease are inserted for convenience of reference only and shall not constitute a part of this Lease as a limitation of the scope of the particular paragraphs or sections to which they apply.
- k. **Nevada law: Construction.** This Lease shall be construed and enforced in accordance with the laws of the state of Nevada. No provision of this Lease shall be construed by any court against either party by reason of such party being deemed to have drafted or structured such provision.
- l. **Personal guaranty.** The individual signing this Lease Agreement for the Tenant, as an inducement to Landlord to enter into this lease, agree to unconditionally guarantees the prompt payment and performance of the Tenant under this Lease Agreement and to be liable for any amounts due to the Landlord from the Tenant.

m. **Time of the essence.** Time is of the essence of this Lease, and of each and every covenant, term, condition, and provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Lease the day and year first above written or have caused this Lease to be executed by their respective duly authorized officers.

LANDLORD:



PETER ELIADES

Address for Notices:

9125 S. Buffalo
Las Vegas, NV 89113

TENANT:



ELENI GIANNOPOULOS

Address for Notices:

1507 Las Vegas Blvd S
Las Vegas, NV 89104

Exhibit 7

Exhibit 7









Exhibit 8

Exhibit 8

Exhibit 8

Exhibit 8

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*Electronically Lodged
December __, 2017*

LOUIS M. BUBALA III, ESQ.
Nevada State Bar No. 8974
BRYAN M. VIELLION, ESQ.
Nevada State Bar No. 13607
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Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:
STERLING ENTERTAINMENT GROUP LV,
LLC,

Debtor.

Case No. 17-13662-abl
Chapter 11

Hearing Date: December 27, 2017
Hearing Time: 1:30 p.m.

**[PROPOSED] ORDER AUTHORIZING THE USE OF CASH
COLLATERAL**

Upon the Motion¹ of Sterling Entertainment Group LV, LLC, (“Debtor”) seeking, among other things, the use of cash collateral pursuant to Sections 105, 361, 363, 364, 1107 and 1108 of the United States Code (11 U.S.C. §§ 101, et seq.) (the “Bankruptcy Code”); and upon consideration of the Declaration of Amadouba Tall in Support of the Motion and the exhibits to the

¹ Capitalized terms used but not defined herein have the meanings given them in the Motion.

KAEMPFER CROWELL
1980 Festival Plaza Drive
Suite 650
Las Vegas, Nevada 89135

1 Motion; and this Court having core jurisdiction over this matter; and it appearing that due notice as
2 set forth in the Motion is sufficient under the circumstances, and that no other or further notice
3 need be provided; and with appearances noted on the record; and it further appearing that the relief
4 requested in the Motion is in the best interests of the Debtor and its estate and creditors; and upon
5 all of the proceedings had before this Court; and after due deliberation and sufficient cause
6 appearing therefor, this Court makes the following findings and enters its order, all as set forth
7 below:

8 **IT IS ORDERED** that the Motion is GRANTED in its entirety;

9 **IT IS FURTHER ORDERED** that the Debtor is authorized to use the cash collateral
10 generated by its commercial leases in accordance with the Motion and the Budget attached as
11 Exhibit 1 to the Motion;

12 **IT IS FURTHER ORDERED** that the Debtor may use its cash, including any cash
13 collateral, as set forth in the Motion subject to the conditions, if any, of this Order;

14 **IT IS FURTHER ORDERED** that the Debtor is also authorized to use cash collateral to
15 pay (i) costs, fees and expenses related to the administration of the Chapter 11 Case, and (ii) any
16 other administrative expenses approved by this Court;

17 **IT IS FURTHER ORDERED** that this Order and the use of purported cash collateral
18 authorized herein shall become effective immediately upon authorization and approval by this
19 Court;

20 **IT IS FURTHER ORDERED** that no provision contained herein is intended to or should
21 be construed as a determination as to the value, validity, priority or enforceability of any claim
22 against the Debtor or any lien on any assets or property of the Debtor, or a waiver of the Debtor's
23 rights to dispute any such claim or lien.

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IT IS FURTHER ORDERED that this Court shall, and hereby does, retain jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

IT IS SO ORDERED.

Respectfully Submitted by:

By: /s/ Bryan M. Viellion
BRYAN M. VIELLION, ESQ.
Nevada State Bar No. 13607
KAEMPFER CROWELL
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Las Vegas, Nevada 89135
Attorneys for Debtor

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