

United States Bankruptcy Court
EASTERN District of NEW YORK

In re OLD FASHION BUTCHER SHOP, INC.
Debtor

Case No. 1-17-41006-ess

Small Business Case under Chapter 11

OLD FASHION BUTCHER SHOP INC'S AMENDED DISCLOSURE STATEMENT,
DATED NOVEMBER 27, 2017

Table of Contents

- I. Introduction
 - A. Purpose of this document
 - B. Deadlines for Voting and Objecting
 - C. Disclaimer
- II. Background
 - A. Description and History of the Debtor's Business
 - B. Insiders of the Debtor
 - C. Management of the Debtor before and during the Bankruptcy
 - D. Events Leading to Chapter 11 Filing
 - E. Significant Events During the Bankruptcy
 - F. Projected Recovery and Avoidable Transfers
 - G. Related Entity Transactions
 - H. Claims Objections
 - I. Current and Historical Financial Conditions
- III. Summary of the Plan of Reorganization and Treatment of Claims
 - A. What is the Purpose of the Plan of Reorganization
 - B. Unclassified Claims
 - 1. Administrative Expenses
 - 2. Priority Tax Claims
 - C. Classes of Claims
 - 1. Classes of Secured Claims
 - 2. Classes of Priority Unsecured Claims
 - 3. Class of General Unsecured Claims
 - 4. Class of Equity Holders
 - D. Means of Implementing the Plan

1. Source of Payment
 2. Post-confirmation Management
 - E. Risk Factors
 - F. Executory Contracts and Unexpired Leases
 - G. Tax Consequences of Plan
 - IV. Confirmation Requirements and Procedures
 - A. Who may vote or object
 1. What is an Allowed Claim
 2. What is an Impaired Claim
 3. Who is Not entitled to vote
 - B. Votes necessary to confirm the Plan
 1. Votes necessary for a Class to accept the Plan
 2. Treatment of non-accepting classes
 - C. Liquidation Analysis
 - D. Feasibility
 1. Ability to Initially Fund the Plan
 2. Ability to make future Plan payments
 - V. Effect of Confirmation of Plan
 - A. Discharge of Debtor
 - B. Modification of Plan
 - C. Final Decree
 - VI. Other Plan Provisions
- EXHIBITS A-G

I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of OLD FASHION BUTCHER SHOP, INC (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the PARTIAL REPAYMENT PLAN (the “Plan”) filed by OLD FASHION BUTCHER SHOP INC on August 29, 2017. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

The proposed distributions under the Plan are discussed at pages 7-9 of this Disclosure Statement. General unsecured creditors are classified in Class 4, and will receive a distribution of 20% of their allowed claims, to be distributed in 60 equal monthly payments commencing **30 days after the Effective Date of the Plan**.

A. Purpose of This Document

This Disclosure Statement describes:

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

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

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

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

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

The hearing at which the Court will determine whether to confirm the Plan will take place on _____, at _____, in Courtroom 3585, in the United States Bankruptcy Court, Eastern District of New York, 271 Cadman Plaza East, Brooklyn, New York.

2. Deadline For Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Corash & Hollender, PC, 1200 South Ave, Suite 201, Staten Island, NY 10314. See section IV.A. below for a discussion of voting eligibility requirements.

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

3. *Deadline For Objecting to the Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon Corash & Hollender, PC by _____, 2017.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Paul Hollender, Esq., 1200 South Ave, Suite 201, Staten Island, NY 10314. (718) 442-4424

C. **Disclaimer**

The Court has approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted.

II. **BACKGROUND**

A. **Description and History of the Debtor's Business**

The Debtor is a family-owned corporation. Since the end of 2014, the Debtor has been in the business of operating a butcher shop, involving the wholesale and retail sale of meat and poultry.

B. **Insiders of the Debtor**

Ioannis ("John") Kukularkis, a 25% shareholder, is vice president of the debtor, and a butcher. His responsibilities before and during the case have included purchasing, butchering, production management, and development of outside sales.

Michalia Flori, a 75% shareholder and wife of John, is president of the debtor. Her responsibilities before and during the case have included management of retail sales in the shop and handling finances.

During the two years prior the bankruptcy filing Kukularkis was paid \$2,520 per month. Postpetition he has been paid \$2,100 per month.

During the two years prior the bankruptcy filing Flori was paid \$2,100. Post-petition she has been paid \$1,680 per month.

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

During the two years prior to the date on which the bankruptcy petition was filed, as well as during the chapter 11 case, the officers, directors, managers or other persons in control of the Debtor

(collectively the “Managers”) were Ioannis Kukularis and Michalia Flori.

The same individuals have continued as managers during the chapter 11 case and will continue to serve in such roles post-confirmation.

D. Events Leading to Chapter 11 Filing

The debtor has a unique market, selling high- quality meat and poultry, including organic and ethnic specialty products to a niche Greek market, and has gradually been expanding its market. It had a setback in the year before this bankruptcy filing when some of its largest wholesale customers went out of business or filed for bankruptcy.

The immediate precipitating cause of this chapter 11 bankruptcy was threefold: a property execution and imminent threat of a Marshal’s sale by an unpaid judgment creditor; the likelihood of a termination of electric service for non-payment; and a dispute with the debtor’s landlord.

The purpose of the filing was to stabilize the business and develop a plan to enable all creditors to receive payments, and to structure those payments consistent with the company’s cash flow, by extending the payments over time, rather than paying only one creditor and closing the business.

E. Significant Events During the Bankruptcy Case

The Court has approved the retention of Corash & Hollender, P.C. as attorneys for the Debtor-in-Possession, by order dated April 5, 2017.

The Court has approved the retention of Andrew Tsentides as accountant for the Debtor-in-Possession by Order dated May 11, 2017.

The first significant event during the case was a dispute with Itria Ventures, a pre-petition purchaser of future accounts receivable, as to the validity, nature and amount of their claim. That dispute has now been settled via a cash collateral stipulation submitted to the Court for approval. Under the terms of that stipulation, Itria will be receiving 15% of the debtor’s credit card receipts in reduction of their claim. When the accrued amounts for post-petition payments due to Itria have been paid, the deduction will be reduced to 12%.

The second significant event during the case was a dispute with the debtor’s landlord, My Famous Butcher Shop, Inc. as to the amount of arrears due under the lease, and the terms for payment. That dispute has now been resolved also. A motion to approve the assumption of the lease, and a payment schedule for the arrears has been granted by this court on August 31, 2017.

The Debtor has taken steps to increase revenues by increasing its product line to include products manufactured by Star Natural Meats LLC, a related entity. This company began operating in November of 2014, and manufactures meat products in a facility licensed by the U.S. Department of Agriculture, in Queens County. These products compliment the basic butchered meat sold in the debtor’s shop, and it is anticipated that these products will be purchased by debtor’s existing customers, and will help generate new customers for the debtor as well.

F. Projected Recovery of Avoidable Transfers

Prior to filing of the case Debtor's counsel determined that the Debtor had made payments for certain obligations of Star Natural Meats, LLC, a related entity. These transactions were disclosed and actually reflected on Debtor's books as accounts receivable. The Debtor believed these receivables were uncollectible because Star Natural Meats, LLC was not operating at the time of filing Debtor's bankruptcy petition and had no revenue to repay these obligations. Notwithstanding the foregoing Star Natural Meats, LLC did commence operations after the case was filed and has committed in writing to assist the Debtor in meeting Debtor's obligations to Debtor's Secured Creditor, Itria Ventures, LLC.. It is projected that these payments will offset any net recovery on a potential avoidance action, without the necessity and cost of litigation.

Accordingly, The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions at this time.

G. Related Entity Transactions

Star Natural Meats, LLC ("Star") is a related entity owned by one of the principals of the Debtor. While the nature of the Debtor's business is solely a butcher shop, the business of Star is completely different. It is a U.S.D.A. licensed meat and poultry processing facility, and does not conduct retail or wholesale sale of butchered meat. Rather, Star sells its packaged meat products to distributors who then resell it to retail outlets and customers.

Immediately upon the filing of the petition in this chapter 11 case, the debtor was unable to obtain customary credit to purchase meat and poultry, and it had not yet accumulated any working capital to make COD purchases. Star, however, did have such credit, since it is a direct purchaser at the meat market. Accordingly, to keep the butcher shop open, Star purchased meat for the Debtor, and invoiced the Debtor on credit.

The debtor's operating reports show accounts payable to Star, and, in fact, Debtor-in-Possession checks were issued, in due course, to pay outstanding invoices, as the Debtor's revenues allowed. Initial concern was expressed by the U.S. Trustee as to the purpose of payments to a related entity, and the risk to creditors that after confirmation of a plan, that the Debtor might cease operations, and Star might take over its business, leaving creditors without the ability to receive payments promised under a Plan.

In response to these inquires, the Debtor has produced invoices for the meat and poultry purchased from Star. The need to use Star's credit in the market ended in July 2017, for by that time the Debtor had accumulated sufficient working capital to make its own COD purchases, and had also developed short-term credit with some of its suppliers. Thus, the Debtor believes that the short-term accommodation by Star was essential to keep the business open after the bankruptcy filing, and had it not been able to obtain such accommodation, the Debtor would have ceased operations within 30 days after filing, and the case would have been converted to chapter 7. Furthermore, the Debtor was able to explain how its butcher shop operations were completely distinct from those of a meat-processing factory which Star was running. The layout of Star's factory does not contain a retail store component, nor are such operations consistent with Star's business plan.

H. Claims Objections

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

In particular the Debtor reserves a right to object to Claim # 14 filed by David Monser Inc. on July 5, 2017 since it seems to be a duplicate of Claim #13 filed by David Monser on June 30, 2017.

I. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets listed in Schedule A/B are attached hereto as **Exhibit B**.

The Debtor's most recent financial statements issued before bankruptcy, are set forth in **Exhibit C**.

The most recent post-petition operating report filed since the commencement of the Debtor's bankruptcy case is set forth in **Exhibit D**.

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

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

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

B. Unclassified Claims

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

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

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

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0	Paid according to terms of obligation.
The Value of Goods Received in the Ordinary Course of Business within 20 days before the Petition Date	\$0	Paid in full on the effective date of the Plan
Professional Fees, as approved by the Court	Estimated at \$100,000, subject to formal fee application after confirmation.	To be paid in monthly installments after plan confirmation and Court Approval. Debtor's attorneys have agreed to subordinate monthly payment of their fees, to any payments then due to creditors under the Plan
Office of the U.S. Trustee fees	\$0	Paid in full on the effective date of the Plan

2. Priority Tax Claims

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

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

Description (name and type of tax)	Estimated Amount Owed	Date of assessment	Treatment
NYS Department of Taxation and Finance	\$187.44	05/17/2017	Paid in full on the effective date of the Plan
NYS Department of Labor	\$519.13	05/22/2017	Paid in full on the effective date of the Plan

C. Classes of Claims and Equity Interests

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

1. Classes of Secured Claims

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

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

Class #	Description	Insider? (Yes/No)	Impairment	Treatment
1	Secured claim of: Name: ITRIA VENTURES LLC Collateral description: Account Receivables Allowed Secured Amount: \$116,028.70 Priority of lien: Yes Principal owed: \$112,362.30 Pre-petition arrearage: \$35,473.44 Total claim as stipulated: \$116,028.70	No	Yes	Payment interval: daily Monthly payment: 15% of credit card and EBT sales Begin date: July 1, 2017 End date: September 2018 (estimated) Interest rate: 0% Total Payout Amount: \$116,028.70
2	Secured claim of: Name: NISSAN MOTOR ACCEPTANCE CORPORATION Collateral description: 2013 Nissan Van Allowed Secured Amount: 22,463.57 Priority of lien: Yes Principal owed: \$22,463.57 pre-petition arrearage: \$0 Total claim: \$22,463.57	No	No	Payment interval: monthly Monthly payment: \$658.31 Begin date: March 2, 2017 End date: March 2, 2020 Interest rate: 5.49% Total Payout Amount: \$22,463.57

3	Secured claim of: Name: MY FAMOUS BUTCHER SHOPPE INC. Collateral description: butcher shop supplies and inventory Allowed Secured Amount: \$65,000 Priority of lien: Yes Principal owed: \$65,000 pre-petition arrearage: \$0 Total claim: \$65,000	No	No	Payment interval: monthly Monthly payment: \$7,500 July 31, 2017 \$4,000 August 31, 2017 \$4,000 September 30, 2017 \$4,000 October 31, 2017 \$4,000 November 30, 2017 \$10,000 December 31, 2017 \$4,000 January 31, 2018 \$4,000 February 28, 2018 \$6,000 March 31, 2018 \$10,000 April 30, 2018 \$2,500 May 31, 2018 \$2,500 June 30, 2018 \$2,500 July 31, 2018 Begin date: July 31, 2017 End date: July 31, 2018 Interest rate: 0% Total Payout Amount: \$65,000
---	--	----	----	--

2. Classes of Priority Unsecured Claims

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

N/A

3. Class of General Unsecured Claims

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

The following chart identifies the Plan's proposed treatment of Class 4, which contain general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
4	General Unsecured Creditors Total: \$280,497	Yes	Payment interval: monthly Monthly payment: \$935.51 Begin date: February 1, 2018 End date: January 1, 2023 Interest rate: 0% Total Payout Amount: \$56,100 Estimated percentage of claim paid: 20%

4. Class of Equity Holders

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

The following chart sets forth the Plan’s proposed treatment of the class of equity interest holders:

Class	Description	Impairment	Treatment
Michalia Flori	75% shareholder	No	Retains interest
Ioannis Kukularis	25% shareholder	No	Retains interest

D. Means of Implementing the Plan

1. Source of Payment

Payments and distributions under the Plan will be funded by the following:

Plan will be funded by the net income received from operation of the butcher shop. Debtor’s projected monthly cash profit was \$16,000. 00 as of August of 2017. The monthly Plan payments as calculated shall be \$13,735.70 in total.

2. Post-confirmation Management

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

Name	Affiliations	Insider (yes/no)?	Position	Compensation
Michalia Flori	75% shareholder	yes	President	\$500 weekly
Ioannis Kukularis	25% shareholder	yes	Vice-President	\$600 weekly

E. Risk Factors

The proposed Plan has the following risks: The business income has historically fluctuated and, in the past has depended on seasonal consumption of meat products (grilling

season, holiday season, etc.). The reason for this fluctuation is that pre-petition, the customer base has been primarily retail sales.

To overcome this historical problem, the Debtor has undertaken two critical changes to its sales program.

First, it has expanded its customer base from primarily retail, to aggressively pursue a wholesale component. More particularly, it is now seeking, and obtaining customers from the following additional market sectors: Restaurants, Pizzerias, Delis, and Greek Markets.

Second, the Debtor has increased its inventory from solely raw meat and poultry products. More particularly, now that Star has commenced operations as a meat and poultry processing facility, the Debtor is serving as a distributor of their ethnic specialties. Furthermore, as a Distributor for Star, the Debtor is now selling Star's specialty products in both the retail store and to the new wholesale customers referred to above.

Accordingly, the Debtor anticipates that the risks inherent in time-payment under any plan of reorganization, as well as seasonal fluctuations which caused cash-flow difficulties in the past will be counterbalanced by these greater opportunities for generating revenue.

F. Executory Contracts and Unexpired Leases

The Plan, in Exhibit 5.1, lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. Exhibit 5.1 also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

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

G. Tax Consequences of Plan

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

It is not anticipated that the Debtor will have any tax consequences of this Plan, inasmuch as it is a cash-basis taxpayer, and continued, during this chapter 11 case, to be treated for tax purposes, as a continuation of the pre-bankruptcy taxpayer.

In general, when creditors are not paid in full they recognize income to the extent of cancellation of indebtedness. Alternatively, they may reduce their tax attributes, such as reducing

their basis in assets or making use of pre-existing tax losses. All creditors are urged to consult with their tax professionals for more specific information.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

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

In this case, the Plan Proponent believes that classes 1 and 4 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes 2 and 3 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was July 31, 2017.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. Who is Not Entitled to Vote

The holders of the following five types of claims and equity interests are *not* entitled to vote:

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

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan.

4. Who Can Vote in More Than One Class

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

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a “cram down” on non-accepting classes, as discussed later in Section [B.2.].

1. Votes Necessary for a Class to Accept the Plan

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

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

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly”, and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. Based on our liquidation analysis Unsecured Creditors would receive no distribution in a chapter 7 liquidation whereas Unsecured Creditors will receive 20% distribution on their claims under the Chapter 11 Plan.

A liquidation analysis is attached to this Disclosure Statement as **Exhibit E**.

D. Feasibility

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

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit F**.

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

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

The Plan Proponent has provided projected financial information. Those projections are listed in **Exhibit G**.

The Plan Proponent’s financial projections show that the Debtor will have an aggregate annual positive cash flow, after paying operating expenses and post-confirmation taxes. The final Plan payment is expected to be paid November 1, 2022.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

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

B. Modification of Plan

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

C. Final Decree

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

VI. OTHER PLAN PROVISIONS

N/A

_____/s/
Michalia Flori, President

_____/s/
Paul Hollender
Corash & Hollender, P.C.
Attorneys for Debtor

EXHIBITS