UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TENNESSEE
AT CHATTANOOGA

In re:	)	
	)	Joint Administration Case
Cherokee Pharmacy & Medical Supply, Inc. *et al*	)	No. 1:17-bk-11920-NWW
	)	
Debtors.	)	Chapter 11
	)	

PLAN PROPONENTS' DISCLOSURE STATEMENT FOR THE SECOND AMENDED PLAN OF REORGANIZATION

Cherokee Pharmacy & Medical Supply of Dalton, Inc.
Dalton, GA
Case No. 1:17-bk-11919-NWW

IMPORTANT: THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED CHAPTER 11 PLAN. READ THIS DOCUMENT WITH CARE.

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Note: The above EXHIBITS *(A-C)* are an integral part of the Chapter 11 process and disclosure.

Each of the Exhibits are iterated as if fully written and included as Articles in the body of the

Disclosure Statement.

ARTICLE I
DEFINITIONS

The terms set forth below when used in this Plan shall have the following meanings. All capitalized terms not otherwise defined herein shall be defined as provided for in the Plan Proponents' Disclosure Statement for the Second Amended Plan or in the Bankruptcy Code.

1.1 **Administrative Claim** shall mean a Claim for payment of costs or expenses of administration specified in Sections 503(b) and 507(a)(2) of the Bankruptcy Code, incurred after the Petition Date through the Confirmation Date, including without limitation: (i) the actual, necessary costs and expenses of preserving the Debtor's estate incurred after the Petition Date: (ii) compensation for legal, accounting and other services and reimbursement of expenses awarded pursuant to Sections 330(a) or 331 of the Bankruptcy Code; and (iii) all fees and charges assessed against the Debtor's estate pursuant to Section 1930 of Title 28 of the United States Code.

1.2 **Allow, Allowed, Allowance** or words of similar meaning shall mean with respect to a Claim against the Debtor's estate: (i) that no objection has been interposed within the applicable period of limitation fixed by this Plan or by the Bankruptcy Court and that such period of limitation has expired; or (ii) that the Claim has been allowed for purposes of payment by an order of the Bankruptcy Court that is no longer subject to appeal or certiorari and as to which no appeal or certiorari is pending.

1.3 **Bankruptcy Code (the "Code")** shall mean the Bankruptcy Reform Act of 1978, as amended, Title 11, United States Code, which governs the Chapter 11 Case of the Debtor.

1.4 **Bankruptcy Court (the "Court")** shall mean the United States Bankruptcy Court for the Eastern District of Tennessee at Chattanooga, or any other Court exercising competent jurisdiction over the Chapter 11 Case or any proceeding arising in or related to the Chapter 11 Case.

1.5 **Bankruptcy Rules** shall mean the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court (including any applicable local rules of the United States District Court for the Eastern District of Tennessee at Chattanooga, as now in effect or hereafter amended.

1.6 **Bar Date** shall mean the date by which proofs of claim must be filed against the Debtor's estate.

1.7 **Business Day** shall mean a day other than Saturday, Sunday or legal holidays.

1.8 **Cash** shall mean cash or equivalents, including without limitation checks, bank deposits, proceeds or other similar items.

1.9 **Chapter 11 Case** shall mean the proceeding under Chapter 11 of the Bankruptcy Code for the reorganization of the Debtor herein.

1.10 **Claim(s)** shall have the meaning provided for such terms in Section 101(5) of the Bankruptcy Code.

1.11 **Claim Reserve** shall mean Funds to be held by the Plan Proponents in respect of a Disputed Claim, pending entry of a Final Order on the allowance or disallowance of such Disputed Claim.

1.12 **Claimant or Creditor** shall mean the holder of a Disputed Claim or Allowed Claim, as the case may be.

1.13 **Class** shall mean a group of Claims or Interests consisting of Claims or Interests which are substantially similar to each other as classified pursuant to the Plan in accordance with Section 1122 of the Bankruptcy Code.

1.14 **Collateral** shall mean with respect to any particular Secured Creditor, any and all of the Debtor's assets which are security for the Claims asserted as Secured Claims by the particular Creditor.

1.15 **Confirmation or Confirmation Date** shall mean the date upon which the

Confirmation Order is entered on the Bankruptcy Court's docket.

1.16 **Confirmation Hearing** shall mean the hearing on the confirmation of the Plan, at which time the Court will consider objections to confirmation, if any.

1.17 **Confirmation Order** shall mean the Order of the Bankruptcy Court confirming this Plan pursuant to Section 1129 of the Bankruptcy Code.

1.18 **Creditor** shall mean any person or entity that is a holder of a Claim against the Debtor.

1.19 **Debtor** shall mean Cherokee Pharmacy & Medical Supply of Dalton, Inc.

1.20 **DIP Account(s)** shall mean the bank accounts set up and maintained by the Debtor in approved depositories and which accounts are property of the bankruptcy estate.

1.21 **Disclosure Statement** shall mean Plan Proponents' Disclosure Statement for the Second Amended Plan of Reorganization as may be approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code, as such Disclosure Statement may be amended, modified or supplemented from time to time (and all exhibits and schedules attached thereto or referred to therein).

1.22 **Disbursing Agent** shall mean initially, Doug G. Johnson, Esq. appointed Chapter 11 Trustee, in association with Plan Proponents' attorneys, Tracy C. Wooden of Wooden Law Firm, P.C., Chattanooga, TN, and Ronald Lewis of Lewis & Thomas, LLP, Boca Raton, FL.

1.23 **Disputed Claim** shall mean (i) a liability scheduled on the Schedules or the Amended Schedules as disputed, contingent or unliquidated; or (ii) timely filed proofs of Claim against which an objection is pending or is filed within the deadline provided in this Plan and which Claim has not been allowed by order of the Bankruptcy Court.

1.24 **Disputed Claim Reserve** shall mean funds to be held by Debtor in respect to a Disputed Claim, pending entry of a Final Order on allowance or disallowance of such Disputed Claim.

1.25 **Dividend Settlement Pool** shall mean the total amount of funds available for administrative expenses and for creditor settlements under the Proponents' Plan. Sometimes this is

referred to as a "*pot plan"* and is required in this case because of the DEA's unliquidated claim.

1.26 **Effective Date** shall mean the fifteenth (15th) day after entry of the confirmation Order. In the event of an appeal, absent the entry of a stay, the Effective Date shall be the fifteenth (15th) day after entry of the Confirmation Order. In the event the Confirmation Order is stayed pending appeal, the Effective Date shall be the fifteenth (15th) day after the entry of an Order either lifting the stay or affirming the Confirmation Order.

1.27 **Estate Claims** shall mean claims asserted by the Debtor on behalf of the Estate, against any third party, whether under the Bankruptcy Code or other applicable law.

1.28 **Final Order** shall mean an order or judgment of the Bankruptcy Court that is appealable of right to the United States District Court for the Eastern District of Tennessee pursuant to Section 158(a) of Title 28, United States Code, whether or not an appeal can be timely taken, is taken or is pending unless the order is stayed pending appeal, and whether or not a timely motion is filed under Bankruptcy Rule 7052 or 9023.

1.29 **Final Report** shall mean the Final Report on Distribution and Request for Entry of Final Decree Closing Case to be filed by the Debtor.

1.30 **General Unsecured Claim or Unsecured Claim** shall mean any Claim against the estate of the Debtor other than an Administrative Claim, a Secured Claim, a Priority Claim or a Priority Tax Claim.

1.31 **Insider(s)** shall have the meaning given in Section 101(31) of the Bankruptcy Code, including without limitation, the equity holders of Cherokee Pharmacy & Medical Supply of Dalton, Inc., Dalton, GA.

1.32 **Notice Parties** shall mean all parties entitled to notice of filings or other matters, as set forth in the Plan which includes all Classes, the United States Trustee, the Chapter 11 Trustee, The Plan Proponents and Plan Proponents' Counsel, the Debtor and Debtor's Counsel, excluding in any

particular circumstance the party that itself filed the matter required to be served.

1.33 **Petition Date** shall mean the date that the voluntary petition was filed in the Chapter 11 Case, which date was April 28, 2017.

1.34 **Plan** shall mean Plan Proponents' Second Amended Plan of Reorganization in its entirety, together with all addenda, exhibits, schedules and other attachments hereto, in its present form or as it may be modified, amended or supplemented from time to time.

1.35 **Priority Claim** shall mean any Claim entitled to priority under Section 507 of the Bankruptcy Code other than an Administrative Claim or Priority Tax Claim.

1.36 **Reorganized Debtor** shall mean Cherokee Pharmacy & Medical Supply, Inc., Cleveland, TN.

1.37 **Secured Claim** shall mean a Claim pursuant to Section 506(a) of the Bankruptcy Code, which is secured by a lien on property in which the Debtor has an interest or that is subject to set-off under Section 553 of the Bankruptcy Code.

1.38 **Schedules or Amended Schedules** shall mean the Schedules and Amended Schedules filed or which may be filed by the Debtor in the Chapter 11 Case.

1.39 **United States Trustee** shall mean the Assistant United States Trustee for the Eastern District of Tennessee.

1.40 **Unliquidated Claim(s)** shall mean all Claims scheduled as such by the Debtor and any Claim filed by a Claimant without a specific dollar amount identified therein.

1.41 **Undefined Terms**. A term used but not defined herein shall have the meaning given to it by the Bankruptcy Code or the Bankruptcy Rules, if used therein.

ARTICLE II
PRELIMINARY STATEMENT

2.1 The following preliminary statement is qualified in its entirety by the more detailed

information appearing elsewhere in this Disclosure Statement with respect to the Chapter 11 Plan of Reorganization ("Plan") proposed by the Plan Proponents. All capitalized terms contained in this preliminary statement, as well as elsewhere in this Disclosure Statement, shall, unless otherwise defined herein, have the meanings ascribed to such terms at **ARTICLE I DEFINITIONS** of this Disclosure Statement.

2.2 The Exhibits attached to the Disclosure Statement are an integral part of the Chapter 11 process and disclosure. Each of the Exhibits are iterated as if fully written and included as Articles and in the body of the Disclosure Statement.

2.3 The Bankruptcy Court will hold a hearing on confirmation of the Plan, at which time it will consider objections to confirmation, if any, commencing at a time and place to be set forth in an order accompanying this Disclosure Statement ("the Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time without notice other than the announcement of an adjourned date at the hearing. Objections to Confirmation of the Plan, if any, must be in writing and served and filed as described in the aforesaid order accompanying this Disclosure Statement. The order scheduling the Confirmation Hearing should also be reviewed to better understand the confirmation procedures described herein.

2.4 **THE PLAN PROPONENTS BELIEVE, THAT UNDER THE CURRENT CIRCUMSTANCES, THE PLAN PROVIDES THE BEST POSSIBLE AND MOST EQUITABLE RECOVERY TO ALL CREDITORS HOLDING ALLOWED CLAIMS AGAINST THE DEBTOR, AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF THE CREDITORS, AND THE PLAN PROPONENTS RECOMMEND THAT ALL CREDITORS ENTITLED TO VOTE ACCEPT THE PLAN.**

2.5 A separate Ballot to be used for voting to accept or reject the Plan is enclosed in the solicitation materials with this Disclosure Statement and the accompanying Plan. After carefully

reviewing the Disclosure Statement and the Plan, please indicate your vote on the enclosed Ballot and return it to the address set forth below so as to be actually received on or before 5:00 p.m. on the date set in the order accompanying this Disclosure Statement. For your convenience, a pre-addressed envelope is provided. The Ballot must be RECEIVED by the deadline at this address:

Office of the Clerk
United States Bankruptcy Court
Historic U.S. Courthouse
31 East 11th Street
Chattanooga, TN 37402-2722
Phone: (423) 752-5163

2.6 **IF YOU HAVE ANY QUESTIONS WITH RESPECT TO FILLING OUT YOUR BALLOT, YOU MAY CONTACT:**

Douglas R. Johnson
Chapter 11 Trustee
CASE NO. 17-11920-NWW
Johnson & Mulroony, PC
428 Mc Callie Ave
Chattanooga, TN 37402
E-mail: djohnson@johnsonmulroony.com
Phone: (423) 266-2300

THE FOREGOING IS A PRELIMINARY STATEMENT.

THIS DISCLOSURE STATEMENT, AND THE PLAN OF REORGANIZATION,

SHOULD BE READ IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

ARTICLE III
INTRODUCTION

3.1 The Chapter 11 Case. This case is one of two (2) related small business Chapter 11 cases; Cherokee Pharmacy and Medical Supply, Inc. (case no.: 1:17-bk-11920), and Cherokee Pharmacy and Medical Supply of Dalton, Inc. (case no.: 1:17-bk-11919-NWW). There is a third individual case, David Terry Forshee, (case no.: 1:17-bk-11918-NWW) that can be considered as the center is of the three cases. The three Bankruptcy cases are filed in the Eastern District of Tennessee in Chattanooga, the Honorable Judge Nicholas W. Whittenburg presiding. Mr. Forshee, along with his non-filing spouse, own and operate the above pharmacies although the Plan Proponents were given certain rights to operate the pharmacies under an Stock Purchase Agreement, executed on January 17, 2017, and a Power of Attorney to operate the pharmacies under the existing licenses until Dr. Jonatan Marquess (Plan Proponent) was issued the successor licenses at the Cherokee Cleveland and Cherokee Dalton locations. Subsequently, due to non-deliveries by the Forshees, this arrangement has fallen into conflicts, bankruptcy, losses, and substantial devaluation of the Cherokee pharmacies.

The Plan Proponents offer their Disclosure Statement and Plan of Reorganization with the intention of resolving the three cases referenced above; at least to the extent possible with the funds that are available. The objective of this Disclosure is to accomplish the purchase and sale of the pharmacies to the Plan Proponents, against the background of providing the most value for all stakeholders, while doing so without access to complete valuation information, or knowing all the Debtor's personal financial holdings or capabilities.

This case has complicating features and circumstances because two families; in particular, two men who led these families, were friends for more than twenty years, and proceeded

to enter into a purchase and sale transaction on January 17, 2017, where the Debtor and his wife are the Sellers, and the Plan Proponents are the Buyers. Both men have Doctor of Pharmacy degrees, and one of these men, Mr. Forshee, agreed to sell his pharmacies to Dr. Marquess, who is the other man. Dr. Marquess had bought ten pharmacies prior to these two without a hitch or delay. Unfortunately, Dr. Marquess moved forward convinced that purchasing the two Cherokee pharmacies would be the same – an honest, fair, and easy deal; especially purchasing from a friend. Like all business transactions, the subjects that unfold in this disclosure are about money, timing, and value; and at the beginning, these elements were agreed to be favorable to both parties. What was withheld; however, was the extent of unreported debt held against the corporations, the consequences of a lawsuit and jury trial judgment obtained against the Debtor (and Mr. Forshee, individually) by a large wholesaler, and the implications of the civil, and perhaps criminal, findings by the DEA against the two pharmacies that the Forshees were selling to the Marquesses.

Mr. Forshee did not tell his friend, Dr. Marquess, the whole story. What is brought to the foreground in this disclosure is the story the Marquesses believed, and what the Forshee's withheld in order to have the Marquesses advance the first $600,000 to make the deal. If, the Marquesses knew the whole story, or had they gone deeper with their due diligence, rather than trusting the Forshees, the Marquesses would have passed on this transaction at the price of $2,200,000. This is a case, and a story, about emotions, deceptions, regulatory violations, and fears, and only 14 days after signing the Share Purchase Agreement between the Forshees and the Marquesses, Mr. Forshee's best friend, long-time business partner, and Senior Pharmacist at the Cleveland location, Grady Michael Carder, committed suicide.

On April 28, 2017, in the United States Bankruptcy Court for the Eastern District of Tennessee at Chattanooga, the Debtor, Cherokee Pharmacy & Medical Supply, Inc, and Cherokee Pharmacy & Medical Supply of Dalton, Inc, filed voluntary petitions, respectively, for

reorganization under Chapter 11 of the Bankruptcy Code. For ease of reference throughout this Disclosure Statement, the Debtor shall also be referred to as "Cherokee Dalton," and Cherokee Pharmacy & Medical Supply, Inc. shall be also referred to as "Cherokee Cleveland." This case (1:17-bk-11918 NWW) is an individual case (David Terry Forshee), and the two corporate cases are Jointly Administered, under case 1:17-bk-11920 NWW (Cherokee Cleveland) with case 1:17-bk-11919 NWW (Cherokee Dalton). Since the Petition Date until November 7, 2017, the Debtor, Cherokee Cleveland and Cherokee Dalton operated their respective businesses as Debtors-in-Possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. On November 7, 2017, Douglas R. Johnson, Trustee was appointed Chapter 11 Trustee [DE 145], retiring the Jointly Administered with cases of the Debtor and Cherokee Cleveland as Debtors-in-Possession. Also, on November 7, 2017, Robert J. Wilkinson was appointed Chapter 11 Trustee for the David Terry Forshee case number 1:17-bk-11918-NWW [DE 146]. On November 16, 2017, an Order was entered [DE 165] that the case of David Terry Forshee is no longer jointly administered with this case or with case number 1:17-bk-11920 case, and all papers relating only to that case shall be filed only in case number 1:17-bk-11918-NWW.

3.2 The Chapter 11 Trustee. It is important to make the distinction between a Chapter 11 trustee and a Chapter 7 trustee. A Chapter 11 trustee, when appointed in a case, essentially becomes the CEO of the debtor, exercising such day-to-day control as he or she deems appropriate. The Chapter 11 trustee displaces the debtor's management, whose leadership brought the debtor into the financial circumstances resulting in bankruptcy. A Chapter 7 trustee in contrast, has the purpose and duty to close the debtor's operations, and liquidate the debtor.

The appointment of a Chapter 11 Trustee is a relatively unusual event. It is governed by U.S.C. § 1112 of the Bankruptcy Code, which provides, in relevant part, that at any time after the petition date, but before confirmation of a plan, the Bankruptcy Court, on request of

a party in interest, shall order the appointment of a trustee for cause. In the absence of specific facts or circumstances, whether cause exists to appoint a Chapter 11 trustee, is largely a matter of degree. In most bankruptcy cases there will be some display of mismanagement, some disregard or oversight of statutory provisions, and some legitimate concerns raised by creditors that creditor interest would be better served by replacing current management. The question becomes whether these concerns rise to the level justifying extraordinary relief.

On October 31, 2017, an Agreed Order to Approve Appointment of Chapter 11 Trustee was filed [Doc 135], where the matter came before the Court on the motion of J. M. Smith Drug Corporation d/b/a Smith Drug Company ("Smith Drug Company") for dismissal of the Jointly Administered Chapter 11 cases of Debtors Cherokee Cleveland, Cherokee Dalton, and a third case, David Terry Forshee (the three collectively as the "Debtors"), pursuant to 11 U.S.C. §1112 (the "Motion"). A hearing was scheduled for November 1, 2017. Prior to the hearing, Smith Drug Company, the Debtors, the United States Trustee (the "U.S. Trustee"), and the Drug Enforcement Agency (the "DEA"), mutually agreed to resolve this matter through the Debtors consenting to the appointment of a Chapter 11 trustee or trustees. Having reviewed the Motion and based upon the agreement of Smith Drug Company, the Debtors, the U.S. Trustee. and the DEA, the Court ORDERED (in summary) that cause exists to appoint a Chapter 11 trustee or trustees in the Debtors' cases, and therefore, the appointment of a trustee or trustees is mandatory pursuant to Bankruptcy Code Section 1104(a). Further, the Court finds that the appointment of a trustee is appropriate because it is in the best interest of the creditors and the Debtors' estates [Doc 135].

3.3 Purpose of the Disclosure Statement. The purpose of a disclosure statement is to provide adequate information to enable creditors to make an informed judgment as to vote in favor of the Plan or vote to reject the Plan. For creditors and interest holders to make an informed judgment regarding a proposed Chapter 11 plan, the Bankruptcy Code requires that a disclosure statement be

filed, approved and disseminated to stakeholders prior to the stakeholders voting to accept or reject the plan. The disclosure statement is necessary (1) to provide parties with context for the Chapter 11 plan, (2) to help stakeholders understand their projected recoveries under the plan, and (3) to assist the stakeholders in evaluating whether the plan is appropriate under the circumstances. This Disclosure Statement contains a comprehensive overview of the case, and the circumstances and choices causing the Debtor to file the case on April 28, 2017.

The Plan of Reorganization is referred to and is considered to be attached as an Exhibit to this Disclosure Statement. All creditors are urged to review the Plan in its entirety before voting. The Plan is also filed separately for convenience of reference on the Court Docket. If there are any inconsistencies between the Plan and this Disclosure Statement, the provisions of the Plan will control. All terms defined in the Plan have the same meaning in this Disclosure Statement. The statements made in this Disclosure Statement are made as of the date set forth below, unless another time is specified. The delivery of this Disclosure Statement does not mean or imply that there has not been any change in the representations set forth in this Disclosure Statement after the date of its execution.

3.4 Shift to Asset Sale and Stock Purchase. The Plan Proponents' December 2017 Plan and Disclosure Statement was filed on a "best efforts" basis. The Plan Proponents had limited access to financial information to otherwise determine Debtor's current financial position or holdings. The same was true regarding the asset values in the two Cherokee corporate cases. Plan Proponents' Amended Plans in the corporate cases emphasize the values agreed upon in the January 2017 Stock Purchase Agreement, while recognizing the substantial deterioration of the business and asset values; including intangibles of the two Cherokee corporations. The only approach available to settle the challenge of devaluation and continue the pharmacies in the communities where the stores are operated – and retain the continuity and value of the Cherokee brand – is to complete an Asset

Sale in the corporate cases, and a Stock Purchase in the Forshee individual case.

The Plan Proponents' focus on the proposed creditor recoveries and dividends in the three related cases is founded upon the continuation delivering the maximum value in the blended Asset and Stock purchase strategies. By salvaging the business operations "as they are," the community, patients, and vendors have an enduring benefit through reorganization rather than allowing the Debtor, and/or the two Cherokee Pharmacy corporations, to fall into vulture purchasing or liquidation.

The Plan Proponents' Plans in the two Cherokee corporate cases are styled as Asset Purchases, and in this individual case, the residual corporate stock is styled as a Stock Purchase. In an Asset Sale, the seller gives the buyer the assets in exchange of the purchase price. Once the buyer holds all the assets, it controls the business by having everything that made the seller's equity worth something in the first place. So, even though the buyer doesn't have the target shares, the shares lose relevance because the buyer has everything that made the seller's shares worth something in the first place. In a stock purchase, the buyer controls the business and its the assets because the shares are the evidences of ownership and control. The comparison of the two methods indicates that whether the shares are purchased, or the assets are purchased, the value of the business passes to the purchaser at a value agreed upon between the parties. Each method of also comes with unique positive and negative consequences.

However, blending an Asset Sale with a Stock Purchase Sale benefits all stakeholders - perhaps geometrically. Most acquisition deals are structured as stock sales, because unlike the above simplified assumption, sellers usually face tax on the gain on the sale, leading to a second level of tax in an asset sale above the shareholder-level capital gains tax. Asset sales give the buyer future tax savings through "stepped-up" tax basis of the acquired target assets – at the purchase price – not at the value of the asset or at the book value of the stock. This means future tax savings

to the buyer through higher tax-deductible depreciation and amortization in the future. After considerable review with their accounting team and financial advisors, the Plan Proponents now understand that the future value of a stock purchase at $1,200,000.00 is costlier than a $1,600,000.00 an Asset Sale today. And, the best financial outcome for the Debtors in the three cases, the creditors, the Plan Proponents, and the community is realized by completing the Cherokee transactions as blend of the two.

By accomplishing the Asset Sale in the two corporate cases and the Stock Purchase in the Forshee individual case, all the prior benefits and intentions of the original transactions are delivered, along with remedies for the devaluation of the two Cherokee Pharmacy operations. Further, the creditors, with emphasis on the general unsecured creditors, receive substantially more money in this combination than was available in the former Stock Purchase Agreement; and therefore, Plan Proponents' prior filed Plans in the three cases are properly superseded by Plan Proponents' three Amended Plans and Disclosure Statements in the three cases. By providing sufficient, substantial, and adequate information, Plan Proponents recommend voting to accept the Plans in all three cases.

3.5 Finishing What Was Started in January 2017. The Plan is offered in the Debtor's best interests; concluding with the most favorable alternative to liquidation, of one, or both, of the pharmacies and without further deterioration of the Debtor's Estate. The Plan Proponents' solutions produce a better outcome for the Debtor by allowing the Forshee family to complete the combined transaction with the Marquesses; including the opportunity to sell the real property where the Cherokee Cleveland store is located at a premium price. This strategy provides sufficient funds to confirm the case - with funding that carries a much higher dividend for all the classes of the creditors in the three cases than most confirmed Chapter 11 cases experience.

3.6 11 U.S. Code § 1121 – Who May File a Plan. The Debtor may file a Plan with a petition commencing a voluntary case, or at any time in a voluntary case or an involuntary case.

Except as otherwise provided in Section 1121, in an individual case, only the Debtor may file a Plan until after 120 days after the date of filing the Chapter 11 petition. In a small business case, only the Debtor may file a Plan until after 180 days after the date of filing its petition. These dates, "until after 120 days in an individual case," and "until after 180 days in a small business case" are referred to as "exclusivity"; meaning the period of time the Debtor has to file its Plan, unless extended, before another party in interest can file their Plan. This is often referred to as filing a "competing Plan." In the three subject cases to which the Plan Proponents' address in this Disclosure Statement, two of the cases are small business cases, Cherokee Dalton (1:17-bk-11919 NWW), and Cherokee Cleveland (1:17-bk-11920 NWW), and one is an individual case (David Terry Forshee, 1:17-bk-11918 NWW). Each of these cases were filed on April 28, 2017. The exclusivity period ended in the individual case on August 28, 2017, and in the two small business cases on October 25, 2017. No Plan was filed by any of the three Debtors' before the exclusivity period ended in any of the above referenced three cases.

Section 1121 further provides that any party in interest; including the debtor, the trustee, a creditors' committee, an equity security holders' committee, a creditor, an equity security holder, or any indenture trustee, may file a plan if and only if: (a) a trustee has been appointed under this chapter; (b) the debtor has not filed a plan before 120 days after the date (individual case), or before 180 days after the date (small business case), of the order for relief under this chapter; or (c) the debtor has not filed a plan that has been accepted, before 180 days after the date of the order for relief under this chapter, by each class of claims or interests that is impaired under the plan. While Section 1121 provides other provisions guiding the particulars of timely filing a Plan, the excerpts provided above are sufficient to conclude that in all three Chapter 11 cases, the exclusivity period has passed, and the exclusivity period was not extended as provided by the applicable subsections of Section 1121, as no notice or hearing occurred so extending, and the

Court, for cause, did not order otherwise.

3.7 Plan Proponents. With the above Section 2.4 offered, the Plan Proponents are "parties in interest" in the three cases referenced in this Disclosure Statement and put forth their Disclosure Statement and Plan for consideration in this, the individual case, by the creditors and all concerned. The term "party-in-interest" is not defined in the Bankruptcy Code, but many courts have taken up the question, offering reliable boundaries for courts to consider. The Bankruptcy Code does confer standing upon creditors of the debtor to file Chapter 11 Plans of Reorganization outside of the exclusivity period. The term creditor is broadly defined in the Bankruptcy Code that any party with a claim against a debtor is considered a creditor. A claim includes rights to payment and equitable remedies that have not been filed or reduced to judgment, and a party remains a "creditor" of a debtor, even if the debtor or other creditors vigorously dispute any liability to that creditor. The party-in-interest standing extends beyond the debtor and its creditors and extends to any party whose interest could conceivably be affected by the confirmation of a Chapter 11 plan. Many courts have noted that the intent of Congress was to encourage greater participation in Chapter 11 cases. To conclude the point, effectively, a party-in-interest standing is not a limit; rather it is an invitation to participate, and since exclusivity has terminated, any party-in-interest may file a Plan of Reorganization in a Chapter 11 bankruptcy case.

Creditors are advised that voting on the Plan Proponents' Plan assists the Plan Proponent with recovering more on their claim; while at the same time, providing more recovery for all the creditors in this Chapter 11 case than would be realized if the case or cases are converted to Chapter 7 liquidation.

3.8 Impaired Creditors. The legal, contractual and equitable rights of certain Creditors and holders of Equity Interests of the Debtor may be altered, modified or changed by the proposed treatment under the Plan and are, therefore, considered "impaired." Creditors with Claims

that are impaired are entitled to vote to accept or reject the Plan and may vote on the Plan by completing the Ballot, which is enclosed. Creditors should mail their Ballots to the address set forth on the Ballot.

3.9 Voting. THE VOTE OF EACH HOLDER OF A CLAIM IS IMPORTANT. TO BE COUNTED, YOUR BALLOT MUST BE CONFIRMED AS RECEIVED BY THE OFFICE OF THE CLERK, UNITED STATES BANKRUPTCY COURT, BY THE DATE AND TIME AND AT THE ADDRESS STATED ON THE ORDER ACCOMPANYING THIS DISCLSOURE STATEMENT.

3.10 Section 1126(c). The Bankruptcy Code requires, as a condition to confirmation of a Chapter 11 plan, that each class of claims or interests that is impaired under such plan shall have accepted the plan. Under Section 1126(c) of the Bankruptcy Code, a class of claims has accepted a plan if the plan has been accepted by voting creditors that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims.

3.11 Adjournment. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Objections to Confirmation of the Plan, if any, must be in writing and filed and served as described herein below.

3.12 Disclaimers. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR OR THE EVENTS LEADING UP TO THE BANKRUPTCY ARE BASED UPON THE DEBTOR'S BOOKS AND RECORDS AND UPON OTHER FINANCIAL AND OTHER INFORMATION KNOWN BY THE DEBTOR, THE PLAN PROPONENTS, AND THE PROFESSIONALS EMPLOYED BY THE DEBTOR AND/OR THE PLAN PROPONENTS IN THIS CHAPTER 11 CASE. NONE OF THIS INFORMATION HAS BEEN SUBJECTED

TO AN AUDIT BY INDEPENDENT CERTIFIED ACCOUNTANTS OR AUDITORS. THE PLAN PROPONENTS HAVE ATTEMPTED TO INCORPORATE ACCURATE INFORMATION IN THIS DISCLOSURE STATEMENT AND THE PLAN, AND TO THE BEST OF THE PLAN PROPONENTS' KNOWLEDGE, THE INFORMATION IS TRUE AND ACCURATE.

3.13 Forward Looking Statements. CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, IS FORWARD LOOKING, AND CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE WRONG; INCLUDING FINANCIAL PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS EXPERIENCED.

3.14 Solicitation. THE SOLICITATION OF ACCEPTANCES OF THE PLAN, BY AND THROUGH THIS DISCLOSURE STATEMENT, IS NOT AND WILL NOT BE GOVERNED BY, OR BE SUBJECT TO ANY OTHERWISE APPLICABLE LAW, RULE OR REGULATION GOVERNING THE SOLICITATION OR ACCEPTANCE OF THE PLAN, AS PROVIDED FOR IN SECTION 1125(e) OF THE BANKRUPTCY CODE.

3.15 Brief Overview of Chapter 11. Chapter 11 is the principal reorganization Chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its financial affairs for its own benefit and that of its creditors, or to affect an orderly liquidation of its assets and the distribution of the cash proceeds therefrom to creditors.

3.16 Commencement. The commencement of a Chapter 11 case creates an estate comprised of all the legal and equitable interests that a debtor has in property as of the date that the bankruptcy petition is filed. The Bankruptcy Code provides that a debtor may continue to manage its financial affairs and remain in possession of its property as a "Debtor-in-Possession." From the commencement of the case on April 28, 207 to November 7, 2017, the Debtor remained in possession

of its property and operated as Debtor-in-Possession. On October 31, 2017, by way of an agreed order between various parties [Doc 135], a Chapter 11 Trustee was authorized to be appointed, and was appointed on November 7, 2017 under 11 U.S. Code **§** 1121 (e) (1) [DE 145].

3.17 Filing of the Case. The filing of a Chapter 11 petition also triggers the "automatic stay" provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides for a stay of (very similar to an injunction against) any attempt to collect a pre-petition debt, claim or obligation from a debtor or to otherwise interfere with its property or business. Unless the Bankruptcy Court orders otherwise, the automatic stay remains in full force and effect until a plan is confirmed or the case is dismissed.

3.18 Formulation of a Plan. The formulation of a plan is the primary purpose of a Chapter 11 case. A plan sets forth the means by which a debtor, or plan proponent, will satisfy creditors that hold claims against a Debtor. Although it is generally referred to as a plan of reorganization, it may also provide for the orderly liquidation or transfer of the Debtor's assets, and in such instances, may also be referred to as a plan of liquidation.

3.19 Approving the Plan. After a plan is filed, the holders of claims against or interests in a debtor are requested to vote to accept or reject the plan. Before solicitation of acceptances of a proposed plan can occur, the Bankruptcy Code requires that a disclosure statement be approved by the Bankruptcy Court as containing adequate information about a debtor, its assets, and its liabilities that will enable a hypothetical, reasonable investor to make an informed decision about the plan.

3.20 Acceptance of the Plan. Chapter 11 does not require that each holder of a claim or an equity interest in a debtor vote in favor of a plan for the Bankruptcy Court to confirm the plan. The Bankruptcy Code defines acceptance of a plan of reorganization by a given class of creditors holding claims against a debtor as acceptance by at least two-thirds in amount and more than one-half

of the number of the holders of allowed claims in that class actually voting. Holders of claims or interests who fail to vote will not be counted as having either accepted or rejected the plan.

3.21 Not Impaired. Classes of claims or equity interests that are not "impaired" under a plan are conclusively presumed to have accepted the plan, and therefore, are not entitled to vote. Acceptances of the Plan in this Chapter 11 Case are being solicited only from those entities holding a Claim in an impaired class.

3.22 Equity Holders Impaired. The Plan Proponents engaged a third-party to review and analyze the financial value of the Debtor's two pharmacies (Cherokee Cleveland and Cherokee Dalton) through October 31, 2017. The results of this work; which included a review and analysis of each location's Monthly Operating Reports (May through September), indicate that both pharmacies have approximated negative equity (meaning negative or near zero) and insufficient EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) to support the Debtor's represented value as at December 31, 2016. In addition, the intangible values of the Cherokee brand and goodwill are substantially eroded due to numerous situations and current circumstances. With these conclusions in view, no surplus value above the settlements to creditors is available to the holders of the Equity Interests of either Cherokee Cleveland or Cherokee Dalton – unless more current information disputes these conclusions. The Absolute Priority Rule prohibits payments to the holders of Equity Interests unless all classes of creditors above the equity holders are paid in full. The holders of Equity Interests are impaired, and solicitation is directed at them.

3.23 11 U.S. Code § 1129. Even if all of the classes of claims accept a plan, the Bankruptcy Court may determine that a plan should not be confirmed if the plan does not meet all of the requirements of Section 1129 of the Bankruptcy Code. Among other things, Section 1129 requires that a plan be in the "best interest" of creditors and that it be "feasible" before being confirmed. The "best interest" test generally requires that the value of the consideration to be distributed to the holders

of claims under the plan may not be less that what they would receive if the assets of the debtor were liquidated pursuant to Chapter 7 of the Bankruptcy Code. To satisfy the "feasibility" requirement of Section 1129, the court must also find that there is a reasonable probability that the debtor will be able to perform the obligations set forth in the plan.

In this case, the Plan Proponents have the means to fund the Plan as offered and are able to perform the obligations set forth in the Plan and believe that these actions and performances are in the "best interest" of the creditors, and that substantial and sufficient "feasibility" requirements are satisfied by the Plan.

3.24 Confirmation of the Plan. The Bankruptcy Court may confirm a plan even though fewer than all of the classes of impaired claims accept it. For a plan to be confirmed despite rejection of one or more classes of impaired claims, the proponent of the plan must show, among other requirements, that the plan does not discriminate unfairly and that it is fair and equitable with respect to each impaired class of claims that has not accepted the plan.

A plan is considered to be "fair and equitable" if it provides, with respect to unsecured creditors, that absent new value, the holder of any claim that is junior to the claims of the non-accepting class(es) will not receive or retain, on account of such junior claim or equity interest, any property, unless all senior classes are paid in full. The Bankruptcy Court must also determine, pursuant to Section 1129(b) of the Bankruptcy Code, that the economic terms of the plan do not unfairly discriminate against an objecting class. The Plan Proponents believe the economic terms of the Plan are favorable to each of the impaired classes, and do not unfairly discriminate with respect to any of the impaired or unimpaired classes.

ARTICLE IV
CONFIRMATION PROCEDURES

4.1 In General. "Confirmation" is the technical term for the Bankruptcy Court's

approval of a plan of reorganization. The timing, standards, and factors considered by the Bankruptcy Court in deciding whether to confirm a plan are discussed below. The culmination of a Chapter 11 case is the Confirmation, or court approval, of a Chapter 11 Plan. After voting has concluded, and assuming the plan proponent believes that the plan has been accepted by the requisite class or classes of stakeholders, the court will hold a hearing to consider whether the plan meets the statutory requirements and standards for confirmation and should be confirmed.

4.2 Objections to Confirmation. Any objections to the Plan must be made in writing, must be filed with the Clerk of the Bankruptcy Court, and served on the counsel and parties listed below, on or before the date set forth in the notice scheduling the confirmation hearing provided with the approved Disclosure Statement. Bankruptcy Rule 3007 governs the form of objections.

Copies of the objection must be served upon the following parties:

Chapter 11 Trustee	U.S. Trustee
Douglas R. Johnson Chapter 11 Trustee CASE NO. 17-11920-NWW Johnson & Mulroony, PC 428 Mc Callie Ave Chattanooga, TN 37402 djohnson@johnsonmulroony.com Phone: (423) 266-2300	Office of the United States Trustee Eastern District of Tennessee David Holsinger, USTP 31 E. 11th Street 4thFloor Chattanooga, TN 37402 Phone: (423) 752-5153 Fax: (423) 752-5161 David.Holesinger@usdoj.gov

Attorneys for Plan Proponents:	
Ronald Lewis, Esq. Lewis & Thomas, L.L.P. Attorneys for Plan Proponents 165 E. Palmetto Park Road 2nd Floor Boca Raton, Florida 33432 (561) 368-7474 main (561) 368-0293 fax ron@lewisthomaslaw.com	WOODEN LAW FIRM, P.C. Tracy R. Wooden Counsel for Plan Proponents 730 Cherry Street, Suite B Chattanooga, TN 37402 Telephone (423) 756-9972 Facsimile (423) 756-9943 tracywooden@woodenlaw.com

4.3 Confirmation Hearing. The Bankruptcy Court schedules a Confirmation Hearing**.**

The date and time of the Confirmation Hearing is stated in the Court's Order (i) Setting Hearing to Consider Approval of Disclosure Statement; (ii) Setting Deadline for Filing Objections to Disclosure Statement; and (iii) Directing Plan Proponents to Serve Notice, enclosed with this Disclosure Statement. At the Confirmation Hearing, it is expected that the Bankruptcy Court will enter an order confirming the Plan if the requirements of Section 1129(a) of the Bankruptcy Code have been met, including the receipt of sufficient acceptances of the Plan by the Debtor's Creditors or, in the alternative, if the requirements of Section 1129(b) of the Bankruptcy Code have been met.

4.4 Effective Date. The Effective Date of the Plan is the fifteenth (15th) day after entry of the Confirmation Order. In the event of an appeal, absent the entry of a stay, the Effective Date shall be the fifteenth (15th) day after entry of the Confirmation Order. In the event the Confirmation Order is stayed pending appeal, the Effective Date shall be the fifteenth (15th) day after the entry of an Order either lifting the stay or affirming the Confirmation Order. The Plan provides that the Effective Date will not occur unless various significant conditions are satisfied or waived in writing by the respective Chapter 11 Trustee and Plan Proponents. In this case, the Debtor-in-Possession was is retired by the Chapter 11 Trustee, and the Chapter 11 Trustee, rather than the, does not have any obligation to waive any of the conditions to the Effective Date. The conditions to the Effective Date are as follows:

(a) The Bankruptcy Court must approve the information contained in the Disclosure Statement as adequate;

(b) The Bankruptcy Court must enter the Confirmation Order and the Confirmation Order becomes a Final Order and not be vacated, reversed, stayed, modified, amended, enjoined, or restrained by order of any court of competent jurisdiction;

(c) All documents and agreements required to be executed or delivered under the Plan on or prior to the Effective Date, including, without limitation, the Plan Documents, must have

been executed and delivered by the appropriate parties;

(d) The Bankruptcy Court must enter a Final Order (contemplated to be part of the Confirmation Order) giving effect to or authorizing and directing the Chapter 11 Trustee to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, indentures, and other agreements or documents created, amended, supplemented, modified, or adopted in connection with the Plan;

(e) All authorizations, consents, and regulatory approvals required, if any, in connection with the Plan's effectiveness must have been obtained;

(f) No court has entered an order that remains in effect and that restrains the Chapter 11 Trustee from consummating the Plan;

(g) At the hearing on confirmation of the Plan, the Court will hear any timely filed objection to confirmation of the Plan.

ARTICLE V
HISTORY AND BACKGROUND

In 1978, David Terry Forshee graduated from the University of Georgia with a Bachelor of Science in Pharmacy. Shortly after this, Forshee would become a licensed Pharmacist under the state Boards of Pharmacy for Tennessee and Georgia, licenses that are maintained to this day. Forshee quickly got to work, opening Cherokee Pharmacy & Medical Supply, Inc. in Cleveland, Tennessee in 1978. Forshee's success and entrepreneurial spirit led him to expand his business into Dalton, Georgia with another Cherokee Pharmacy in 1980. His career has included the successful operation of two additional Cherokee Pharmacies between 1982 and 2000, as well as, other profitable endeavors.

Forshee's purpose for venturing into the pharmacy and medical supply business was the result of a desire to serve his customers with better pharmaceutical products. Forshee

forwent the traditional path of newly licensed pharmacists, seeking independence, knowing that he could provide a greater value proposition for his clientele and himself. Primarily, Forshee sought to provide customers with an expanded understanding of the pharmaceutical product they were receiving, coupled with greater flexibility in the delivery of the product and the convenience offered by the numerous other products available on site. As a result of Forshee's approach to the pharmacy business, he has been able to create a successful model, which he has succeeded in replicating several times over.

In 2010, Forshee met with a sales representative from J.M. Smith Corp. d/b/a Smith Drug Company to discuss the idea of replacing Forshee's previous pharmaceutical wholesaler. Forshee eventually entered into a credit agreement whereby Smith Drug Company would provide Forshee's pharmaceutical products to the Cleveland location. Between October 2010 and December 2011, Smith Drug Company shipped $323,563.87 worth of pharmaceutical products to Cherokee Pharmacy & Medical Supply, Inc. Some months after these shipments, when Smith Drug Company attempted to collect from Cherokee Pharmacy, the Pharmacy had insufficient funds to settle the account, but did, in good faith, attempt to make payments on the debt over time but was unable to do so.

On January 6, 2012, Cherokee Pharmacy paid Smith Drug Company $73,563.87, and by February 2012, J.M. Smith d/b/a Smith Drug Company and Cherokee Pharmacy reached an agreement whereby Cherokee would pay back the remaining $250,000.00 with an interest rate of 6% from its continuing operations.

Although an agreement between the two parties was reached, the repayment of the line of credit would become impossible due to specific alleged actions of J.M. Smith d/b/a Smith Drug Company Smith Drug Company. Prior to Cherokee Pharmacy's failure to make payments on the parties' agreement, Smith Drug Company made the decision to limit Cherokee Pharmacy's

access to controlled substances. Smith Drug Company furthered the limitation with a subsequent refusal to supply Cherokee Pharmacy with controlled substances in July 2013. These actions by Smith Drug Company ultimately led to a decline in business for Cherokee Pharmacy, frustrating its ability to make payments under the terms of the parties' agreement.

On August 22, 2013, J.M. Smith d/b/a Smith Drug Company filed a complaint against Cherokee Pharmacy and Forshee, among other entities, seeking recovery under the repayment agreement discussed above. This litigation resulted in a Judgment granted in favor of Smith Drug Company in the amount of $485,435.28 (Cleveland, TN) and $151,247.58 (Dalton, GA). The Judgment, including an award of attorney's fees which exceeded the original principal of the parties' agreement, left the two remaining Cherokee Pharmacies, as well as Forshee, in a position where sustaining operations required relief and Chapter 11 protection.

David Terry Forshee served the local communities of Cleveland, TN and Dalton, GA for close to forty years with excellent service, adding a coffee shop, and gift choices beyond what is expected from the ordinary pharmaceutical experience.

Although successful and precise in his practice for the majority of his career, Mr. Forshee, and his managing Pharmacist Grady Michael Carder, became victims of an alleged internal scheme to smuggle C-2 (controlled substances) out of Cherokee Cleveland pharmacy by an employee who ingeniously altered the internal C-2 control and audit systems. In June of 2016, at the Cherokee Cleveland store, and then in September 2016 at the Cherokee Dalton store, the DEA conducted an administrative inspection and audit. Although Civil Action penalties are not levied yet, the DEA's mandated documentation and administrative violations include a potential for 37 separate violations, with potential civil penalties of $536,574.00 at the Cleveland TN store, and a potential for 627 separate violations, with potential civil penalties of $9,000,000.00 at the Dalton, GA store.

The DEA's Civil Action penalties extend to the David Terry Forshee case, with potential civil penalties of $536,574.00 from the Cleveland TN store; plus, the potential civil penalties of $9,000,000.00 from the Dalton GA store, to equal $9,536,574.00 as Mr. Forshee was/is the registered pharmacist under the DEA licenses at each store.

Cherokee's commercial strength, gained over nearly four decades of profitable operations in the Cleveland and Dalton markets were symptomatically affected by these adverse circumstances. Consequently, the Forshees considered selling the Cherokee pharmacies as an appropriate exit from the industry in favor of pursuing a promising expansion of their newer business, Take Charge Nutrition, LLC.

Leading up to the execution of the Stock Purchase Agreement, a hurried diligence process was undertaken by Jonathan Marquess, with Terry Forshee providing the information and financial data. This process operated on top of the trust gained during more than twenty years of professional friendship; where the two men operated as colleagues in the community pharmacy sector. The character of this relationship blurred the importance of strict due diligence, and the disorder that has followed could not have been anticipated on January 17th 2017 or on February 5th 2017, when Dr. Marquess paid $600,000.00 to Cherokee Pharmacy to purchase the inventory in the two Cherokee Pharmacy locations - as consideration under the Stock Purchase Agreement to partially consummate the Stock Purchase transaction. What is clear now, is Dr. Marquess listened, looked, and trusted the accelerated process that covered up vital details that subsequently, and suddenly, came to light on April 28, 2017. Without any advanced notice by the Forshees to Marquess, Forshee sought Chapter 11 protection on that day by placing the two corporations and himself individually into Bankruptcy.

Along the timeline prior to executing the Stock Purchase Agreement, the Forshees, as individuals, and as the 50/50 shareholders of the two Cherokee corporations, knew the issues

facing the businesses; including, the true financial condition and insolvency of the two entities. They knew the nature, the location, and the amount of debt that was undisclosed to Dr. Marquess.

They knew the true circumstances, and the severity, of the broken relationship with the judgment creditor, J.M. Smith Corp, d/b/a/ Smith Drug Co. They knew Smith Drug Company had perfected judgment filings against certain Forshee real properties, including the property upon which the Cherokee Cleveland Store is located and operated; further jeopardizing the stability of that location. They knew that selling the Cleveland location was at the center of determining the agreed purchase price of $2,200,000, payable by the Marquesses, because of the size of that store and the nearly forty years of successful Cherokee operations at that location. The withholding or "glossing over" of critical financial facts predicting the rapid devaluation of the entities; coupled with minimizing the extent and seriousness of the 2016 DEA findings, rises to the elements of "fraud." Further, when the Forshees took the $600,000 from the Marquesses for the inventory purchases, they knew the terms, covenants, and indemnities of the Stock Purchase Agreement were empty, and that they were largely undeliverable. They knew, or should have known, that taking the $600,000 as the Marquesses "down payment" on the purchase transaction was in jeopardy of being lost in the extreme near-term.

The Forshees knew the implications of the DEA findings, and the DEA's suspicions pointing to alleged criminal activity in relation to C-2 accounting. They knew about the potential severity of the numerous documentation and control breaches found during the DEA's inquiries at both Cherokee locations. Terry Forshee, along with his close friend and long-time partner, Grady Michael Carder; who was the managing pharmacist at the Cleveland store, were implicated in these violations, accusations, and possible criminal activities. All the above "knowing" points to malice and forethought, and likely concludes as, "fraud in the inducement."

As greater stress and fear arrived, amplified by the DEA's findings and suspicions

of criminal intent, the rapid decline in value of the businesses gained momentum. The near-horizon invited even more stress and fear of greater losses – even the possible loss of freedom. In the shortness of time, creditors and regulators were closing in, threatening the operations and reputations of the prestigious Cherokee Pharmacies. The crescendo of all this came just 14 days after the signing the Stock Purchase Agreement by the Marquesses. On January 29, 2017, Grady Michael Carder committed suicide. He was 61 years old.

During April of 2017, Smith Drug Company choose to levy against certain bank accounts that threatened the available cash resources of Cherokee Cleveland. In reaction to this, on April 28, 2017, just 103 days after the execution of the Stock Purchase Agreement, Cherokee's shareholders, Terry (the Debtor) and Angela Forshee, filed three (3) related Chapter 11 cases in the U.S. Bankruptcy Court, Eastern District of Tennessee at Chattanooga: (1) case no: 17-bk-11918 NWW, David Terry Forshee, individual case, (2) case no.: 17-bk-11919 NWW, Cherokee Pharmacy & Medical Supply of Dalton, Inc., and (3) case no.: 17-bk-11920 NWW, Cherokee Pharmacy & Medical Supply, Inc. (Cleveland Store). On October 25, 2017, in each of the above cases, the exclusivity period for the Debtors to file Plans of Reorganization terminated, opening the opportunity for the Plan Proponents, in due course, to file their Plan(s).

ARTICLE VI
PLAN PROPONENTS' STANDING

6.1 Modifying the Stock Purchase Agreement. As disclosed above, the Plan Proponents' have shifted their interest in the stand-alone Stock Purchase of the Cherokee corporations to a blended transaction to include an Asset Sale of the two corporations. While the Plan Proponents' standing in the three cases originates with the Stock Purchase Agreement, their standing extends beyond the interpretations and boundaries of the Stock Purchase Agreements. The Stock Purchase Agreement entered into by and among Jonathan G. Marquess and Pamela S.

Marquess (the "Purchasers," “Plan Proponents”); and Terry David Forshee and Angela Denise Forshee, (the "Sellers") on January 17, 2017, and the subsequent and continuing non-deliveries thereunder, is the origin for Plan Proponents’ claims, issues, and damages resulting within the three cases. A copy of this Agreement was filed with the Court in case 1:17-bk-11920-NWW on August 1, 2017 as [Exhibit D] of [DOC 81-4] by the Debtor requesting a hearing to assume/affirm the Agreement presumably to enforce the Agreement. A hearing was scheduled before the Court on December 14, 2017 to consider the matter and is now rescheduled for February 8, 2018 [DE#187]. To the extent the four corners of the Agreement speak for itself, certain summary points are useful.

The Agreement provides for the sale and purchase; under specific terms, exchanges, and deliveries, of the 100% of the shares of stock of Cherokee Pharmacy & Medical Supply, Inc., a Tennessee corporation, and of Cherokee Pharmacy & Medical Supply of Dalton, Inc., a Georgia corporation, (collectively the "Company"). These are the entities referred to herein as “Cherokee Cleveland” and “Cherokee Dalton.” The Marquesses are stakeholders as a result of partially consummating the Stock Purchase transaction on January 17, 2017, and by purchasing the inventory assets in both Cherokee Pharmacy stores for $600,000.00. The Plan Proponents have increased this investment by advancing approximately $242,157.27 to purchase additional inventory for the pharmacies and paying related costs and expenses to sustain the two pharmacy operations since January 2017. The failure of the Forshees to deliver the pharmacies as agreed has also cost the Plan Proponents approximately $150,000.00 in legal costs and expenses so far. The Plan Proponents’ standing extends to their resources, talents, skills, and requisite credentials to maximize the realizable value of the Cherokee Pharmacies for the benefit of the creditors and the regulators in this case.

At the core of this case is the declining value of the business operations, and the barriers to achieving higher current values due to serious regulatory issues, and the lack of operating capital at the two Cherokee pharmacies. The impact on each of these items, amongst many more, have impacted all the stakeholders in this case along the way. The issues range from asset/collateral valuation matters, to disputes as to the value of the company, to fairness issues related to the valuation of its capital stock, its operating assets and cash flow streams, and recognition of the new equity being proposed to settle the claims of the various and diverse stakeholders. How each these very different valuations apply to each stakeholder will greatly assist the Chapter 11 Trustee, the U.S. Trustee, and the Court in determining the most equitable outcomes proposed, as well as, the most economical path to complete the bankruptcy process.

The Plan Proponents view the Stock Purchase Agreement as the origin of the particulars, and the deliveries, required for this transaction to occur; in other words, using the Agreement as the foundation for the understandings, representations, and intentions of the Forshees and the Marquesses on January 17, 2017, where $2,200,000.00 was the purchase price made sense at that time. At this point, the best way to fairly accomplish this is through the blend or combination of Plan Proponents' Asset Sale in the two corporate cases and the Stock Purchase in this case. However, commercial transactions; if not all transactions, are subject to "timing and value." Timing influences value, and value is influenced by supply and demand, location, the economy, uniqueness, and current performance (naming a few). Intrusions, such as regulatory changes or scandals can move value in a business down fast. On January 17, 2017, Cherokee Dalton looked like a prospering and growing enterprise. Nearly a year later, on December 26, 2017, the opportunity is not the same. The revenue generated by the Cherokee Cleveland has fallen substantially producing negative cash flow in the last two quarters of 2017. The Cherokee Dalton revenue and profits have fallen less dramatically, mostly due to wholesale pricing increases and

limited merchandising caused by the file of Chapter 11. The Plan Proponents believe both locations can be turned-around if immediate working capital is added to operations, and the Forshee's are retired from management; especially the fiscal management. Although the Plan Proponents have offered to assist with these solutions; by using in part, the Asset Sale and Stock Purchase as an organized structure to complete the deliveries as intended in January 2017, the Chapter 11 Trustee insists on relying on the Stalking Horse process find the "highest offer" rather than solving the critical issue of the rapid declining value of the pharmacies. The $2,200,000 purchase price was fair and reasonable in January 2017, and by using the combination of an Asset sale and Stock Purchase as discussed throughout this Disclosure Statement, the Plan Proponents return to the original $2,200,000.00 transaction having discovered the benefits for themselves and the creditors in the three cases to do so.

The Plan Proponents' January 4, 2018 Plan summarized the reasoning for offering $1,200,000.00 instead of the $1,600,000.00 to complete the This transaction. was founded upon the rapid devaluation of the company and concerns about inadequate internal controls at the Cleveland location. The Plan Proponents were not posturing for a better deal – rather they were insisting on better information to justify a higher offer. In January 2017, the Marquesses presumed they were buying a valuable array of assets and intact business operations for $2,200.000 for the two pharmacies. As of December 31, 2017, the Cleveland pharmacy was clearly financially distressed, Dalton, was declining slowly, but still declining substantially, the Chapter 11 process was stalled, with Cleveland store out of working capital and is draining the more successful Dalton location of all its working capital. Repeatedly, since January 2017, Dr. Marquess has advanced funds to prop-up the Cleveland operations, only to find out after the fact, that the Forshees have written tens of thousands of dollars of checks from the Dalton store bank account to the Cleveland store bank account. Dr. Marquess has continually tried to assist, only to be refused requests for

the data controlled by personnel at the Cleveland pharmacy, who also refuse to provide vital copies of the Cleveland and Dalton bank statements and accounting records to otherwise clarify and reconcile what is going on with the money and daily receipts taken in at Dalton pharmacy; along with answers to why numerous undefined transfers of money are routinely taken from the Dalton pharmacy DIP bank account and put into the Cleveland pharmacy DIP bank account.

6.2 Sale of the Inventory Revisited. The recitals in the Stock Purchase Agreement included that "the full, entire, and aggregate Purchase Price for the shares of stock was $1,600,000; subject to the terms and conditions set forth in the Agreement. In addition, the Agreement provides that the Purchasers shall pay to Sellers [$600,000] as the cost of inventory; which shall be determined as Sellers' net cost for specific items of inventory and shall specifically not include any item of inventory which has an expiration date earlier than April 30, 2017."

The inventory to be purchased was arrived at by physical inventory concluded on January 29, 2017 and was counted and verified by the Buyers and the Sellers and assisted by third party McKesson Connect. On February 5, 2017, $600,000.00 was paid to Cherokee Pharmacy in absolute recognition that the funds acquired the inventory assets at both stores as partial consummation of the Stock Purchase Transaction. It was not a "down payment".

The following is the conclusion of the physical inventory as taken:

	Location	**Inventory $**	**Actual Totals**	**Rounded Totals**
(a)	Cherokee Cleveland – Main Pharmacy	$374,092.70		
(b)	Cherokee Cleveland – Hospital Gift Shop	40,027.59		
(c)	Total Cherokee Cleveland		$414,120.29	$405,653.04
(d)	Cherokee Dalton – Pharmacy		$198,404.33	$194,346.96
(e)	Total All Cherokee Locations		$612,524.62	$600,000.00

The amount of $612,524.62 was rounded down to $600,000 as the agreed upon

Sellers' net cost, bringing the total purchase price of the transaction to $2,200,000. The $600,000 was paid to the Sellers by the Buyers on January 17, 2017 and allocated as (1) $405,653.04, Cherokee Cleveland, and (2) $193,346.96, Cherokee Dalton.

6.3 Performance and Deliveries. The Stock Purchase Agreement provided that "Sellers agree to sell, assign, transfer and deliver to the Purchasers, and the Purchasers agreed to purchase from the Sellers, all of the Sellers' shares of stock in the Company, which represents all of the ownership interests in the Company. The Sellers were to deliver to the Purchasers at the Closing on the Closing Date, concurrently with the payment of the Purchase Price, the stock certificates of the Company." The Sellers represented that they "possess good and merchantable title to the shares of stock and that the stock is free and clear of any and all security interests, agreements, restrictions, claims, liens, pledges, encumbrances of any nature or kind". The Sellers further represent that they "have the absolute and unconditional right to sell, assign, transfer and deliver the Sellers' stock to the Purchasers in accordance with the terms of the Agreement."

Although a closing date was set to occur on or before January 30, 2017, it did not fully occur. The full purchase proceeds were not tendered to the Sellers, but the inventory assets were acknowledged as delivered. No shares of stock of the Company to be purchased were delivered to the Purchasers. However, the Purchasers, consistent with the intentions and provisions in the Agreement, proceeded "to take possession of the Company locations on January 16, 2017, and began operating the businesses under a Power of Attorney signed by Sellers in favor of the Purchasers on January 16, 2017."

6.4 Partial Consummation. Although a closing did not fully occur on or before January 30, 2017, the transaction still required certain performances and deliveries regardless of the timeliness of the closing. One of these performances and deliveries by the Forshees as Sellers, included the receiving the $600,000.00 paid by the Marquesses as Purchasers, for the above

inventory. Because the Sellers were unable to deliver the requirements of the closing, the Purchasers 'reserved' the remaining purchase price proceeds of $1,600,000 payable to the Sellers, and the shares of stock of the Company to be purchased, were not delivered to the Purchasers. However, in the point of view of the Sellers and the Buyers, the $600,000.00 partially consummated the sale of the Cherokee Cleveland and Cherokee Dalton pharmacies – subject to the final contract performances and deliveries set forth in the Stock Purchase Agreement.

The Buyers took possession of the corporate entities – but not the full control – under a Power of Attorney and began operating the pharmacies from a distance. Within days after this initial exchange, the Sellers' inability to deliver the corporate stock and the operating pharmacies free and clear of encumbrances; including clearance from the DEA to allow the Purchasers to obtain licenses for Cherokee Cleveland and Cherokee Dalton, "suddenly" emerged.

In a transaction such as this, the Sellers were to deliver the corporate entities; along with the respective corporate stock, to the Purchasers where "any accrued liabilities of the Company through January 29, 2017 shall be paid by Sellers, which shall include, but not be limited to all wholesaler and secondary wholesaler invoices, all other account invoices related to the day to day operation of the business, and payroll and sales taxes. The parties acknowledge that invoices for debts due prior to January 29, 2017 may not be available at or prior to closing and the Sellers agree to pay promptly those invoices after closing upon notice by the Company".

6.5 Purchase Money Retention Interest/Resulting Trust. The Sellers, to date, have not furnished information, supporting or otherwise, regarding invoices for debts due prior to January 29, 2017. Further, the Sellers have not furnished information, supporting or otherwise, regarding the application of the partial purchase money proceeds of $600,000.00 paid to Sellers in exchange for taking title of the verified inventory of Cherokee Cleveland or Cherokee Dalton. The Plan Proponents, even with the benefit of reviewing the Monthly Operating Reports (MORs) filed

in the case, remain unable to determine how much, if any, of the $600,000.00 exchanged for the equity interest in the inventory purchased was paid to vendors and other creditors. With the above as background, the Plan Proponents claim a $600,000 Purchase Money Retention Interest/Resulting Trust in the inventory assets of the straddled corporate Debtor Estates; where the underpinning claim and value remains as the inventory purchased, or its substitutions, by the Plan Proponents for $600,000.00; paid in full, in cash, and at cost. The Purchase Money Retention Interest and/or Resulting Trust claim is divided as $405,653.04 allocated to Cherokee Cleveland, and $194,346.96 allocated to Cherokee Dalton.

6.6 Subsequent Events. Since the filing of this case, and the filing of the other herein referenced Chapter 11 cases on the same day, the Purchasers/Plan Proponents have invested tens of thousands of dollars attempting to complete the purchase of the Cherokee pharmacies.

Contributors of these advanced amounts include the (1) combined and necessary legal fees, (2) substantial decrease of sales margins due to CBD and COD purchasing mandates from suppliers, (3) unexplained, sharp and rising, purchasing and operating costs at the Cherokee Cleveland store, and (4) duplication of administrative costs due to limited and conflicting management and financial controls at the Cleveland store when compared with Dalton.

(a) The Plan Proponents, by way of filing their Amended Disclosure Statements and Plans, seek to turn the above trends and circumstances around in the extreme near-term by offering solutions.

(b) The Plan Proponents, with their operations team, are ready to serve the Dalton, GA community with the highest quality products and medical supply services available in the marketplace. They seek to restore the continuity of patient services and medications once realized and return the sense of community to the pharmacy’s everyday operations and well established, and valued brand.

(c) The Plan Proponents' Chapter 11 Plan restores the ambitions and integrity portrayed by Cherokee Dalton and Cherokee Cleveland for nearly four decades.

(d) The funds necessary to implement the Asset Sale and Stock Purchase combination is proposed at $1,657,547.45, and are derived from the resources of Jonathan G. Marquess and Pamela S. Marquess, as Purchasers, and add to the initial inventory investment of $600,000.00 paid to the Sellers pre-petition on January 17, 2017, to equal a total purchase price of $2,247,547.75

(e) Although the contemplated transaction is substantially devalued from the January 17, 2017 $2,200,000 Stock Purchase Price, the Plan Proponents remain committed to their original objectives, and submit their Disclosure Statements and Plans of Reorganization, pursuant to Section 1125 of the Bankruptcy Code, supporting the request and solicitation of acceptances of the Plan

6.7 Immediate Solutions – Interim Operating Plan. The Plan Proponents offer their Disclosure Statements and Plans with the continuity, guidance, and prior intentions forwarded in the Stock Purchase Agreement, but with the solution of a blended Asset Sale and Stock Purchase as introduced and discussed throughout. However, attempting to enforce the provisions and deliveries of the Agreement, or argue the effect of the non-deliveries, breaches, or other relevant weaknesses found in the Agreement, is unlikely to improve any offer put forth by the Plan Proponents. Whether the Agreement is "affirmed and assumed" by the Debtor or not, does not resolve the bankruptcy process in the most efficient way. The projected legal processes to litigate an outcome would be expensive, run counter to the most efficient use of the Court's valuable resources, and needlessly delay resolution of the case for the benefit of the stakeholders in a timely fashion.

The Plan Proponent agrees with the invitation provided by the Chapter 11 Trustee

on December 21, 2017, to immediately restructure Cherokee Cleveland's operations (and continue to support the Cherokee Dalton operations with approved and conditional financing) with the commitment to stop the increasing losses reported by the Cleveland location, and to fortify the gains and mildly-profitable operations at the Dalton location. Under the Chapter 11 Trustee's direction, Dr. Marquess has agreed to provide reimbursable, super-priority administrative, working capital and trained personal, to "fix the problems" at Cherokee Cleveland and amplify the current profitable trend at Cherokee Dalton. The rationale in doing this includes at Cleveland, (1) stopping the current momentum of cash losses, (2) arresting the accelerated devaluation of the assets of the Estate, and (3) to otherwise prevent the Cherokee Cleveland case from being converted to a case under Chapter 7, and thereafter, liquidated.

ARTICLE VII
DESCRIPTION OF THE PLAN - EXECUTIVE SUMMARY

7.1 Principal Provisions. A DISCUSSION OF THE PRINCIPAL PROVISIONS OF THE PLAN AS THEY RELATE TO THE TREATMENT OF CLASSES OF ALLOWED CLAIMS IS SET FORTH BELOW. THIS DISCUSSION OF THE PLAN IS MERELY A SUMMARY AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. YOU ARE URGED TO READ THE PLAN IN ITS ENTIRETY IN EVALUATING WHETHER TO ACCEPT OR REJECT THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THIS SUMMARY AND THE PLAN, THE PLAN CONTROLS.

7.2 Greater Recovery. The Plan Proponents submits that, under the Plan, Creditors will obtain a greater recovery than would be available if the Debtor were liquidated under Chapter 7. The following Article VII further describes the Plan. As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class receives. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. Classes are

not impaired except to the extent of terms that have been stayed. If the Plan is confirmed, all creditors' allowed recovery will be limited to the amount provided by the Plan.

7.3 Background. Cherokee Pharmacy and Medical Supply of Dalton, Inc., case No. 1:17-bk-11919-NWW is the Debtor in this case. Plan Proponents are filing their Second Amended Plan of Reorganization in the Cherokee Pharmacy and Medical Supply, Inc., case No. 1:17-bk-11920-NWW, as the cases are Joint Administration cases with Douglas R. Johnson as Court appointed Chapter 11 Trustee in both Cherokee cases.

On December 27, 2017, Plan Proponents filed their Disclosure Statement and Plan of Reorganization in this case, [DE# 203] and [DE#204], respectively, and this is the Plan Proponents' Disclosure Statement for the Second Amended Plan of Reorganization ("Plan"). The Second Amended Plan supersedes and replaces all prior filed Plans in this case, and if any inconsistencies are found in Plan Proponents' Disclosure Statement for the Second Amended Plan of Reorganization, the Plan shall control.

The Plan Proponents' Disclosure Statement for Second Amended Plan offers the foundation of what the Chapter 11 "Fresh Start" doctrine intends, if not mandates. Completing the case as a Reorganized Debtor offers the most beneficial economic and business outcome for all concerned.

The Plan Proponents request the Court and the creditors to consider an expedited, §363(b) or (l) Asset Sale; where the Plan Proponents are the Buyers of the all the assets of two Cherokee corporate cases and endorse the Plan Proponents' strategy and proposal to also purchase the Corporate Stock of the corporations under a Stock Purchase Agreement in the David Terry Forshee individual case No. 1:17-bk-11918-NWW. This strategic combination retains the continuity of the Cherokee operations and the Cherokee brand, and closely matches the intended outcome of the original transaction that began on January 17, 2017, and it opens the opportunity

for the reorganized company to emerge from Bankruptcy.

By completing a §363(b) or (l) Asset Sale, where the *"two cases"* receive $1,647,547.73 in new money, paid in exchange for delivery of all of Debtor's assets free and clear of encumbrances, permits the Cherokee Cleveland and the Cherokee Dalton Pharmacies to be rapidly rehabilitated. The Asset Sale commitment, (1) arrests the continuing deterioration and accelerated devaluation of the Cherokee businesses, and (2) permits the Plan Proponents to fully support and fund the operations of both Cherokee Pharmacies, with the necessary resources during the interim, until the §363(b) or (l) Asset Sale is approved and occurs.

The Cherokee Pharmacies, although battle-worn, remain somewhat intact, and a Chapter 11 Plan of Reorganization is the arena that allows for the most feasible and beneficial outcome for all stakeholders that were affected by the filing of a Chapter 11 petition, and it is the appropriate arena to resolve or settle many ancillary matters, arguments, and adversary proceedings that would otherwise follow through protracted litigation.

7.4 Motive. The Plan Proponents' motive is to complete the acquisition of the two Cherokee Pharmacies as intended on January 17, 2017 under a modified, blended Asset Sale of the two Cherokee corporations in the Cherokee corporate cases, and as a Stock Purchase of Forshee's stock in the Forshee individual case. This method provides (1) sufficient funds and economic solutions for the three related Chapter 11 cases, (2) results in three confirmed Chapter 11 Plans and (3) permits three reorganized Debtors to emerge successfully from Chapter 11. The Asset Sale benefits all classes of creditors in the three cases and the Stock Purchase benefits the Debtor, and his Non-Filing Spouse, by funding nearly 100% of the J.M. Smith d/b/a Smith Drug Co's secured judgment claims against the two corporations and Mr. Forshee individually. The Cherokee corporate Debtors exit Chapter 11 as whole operating entities and Mr. Forshee resolves

substantial debt against his real properties, as well as, having nearly all the judgments against him personally discharged. Within Plan Proponents Plan in this case, there is proposed remedies that result in 100% of J.M. Smith d/b/a Smith Drug Co's secured judgment claim against Mr. Forshee paid as well.

7.5 Asset Sale and Stock Purchase. The Plan Proponents' Amended Disclosure Statements and Amended Plans in the Cherokee corporate cases and in the David Terry Forshee individual case are intertwined with integral parts that remain as essential deliveries to the Plan Proponents. The rationale for the blend of an Asset Sale and a Stock Purchase is its economics, its tax benefits, and its fulfillment of the deliveries of the January 17, 2017 Stock Purchase Agreement between the Forshees and the Plan Proponents. The underlying Assets of the corporations; including the intangibles, and the corporate Stock of the corporations, when approved by the Court as simultaneous transactions, accomplishes the intentions of the January 17, 2017 Agreement, and permits the Plan Proponents to over-invest in the two substantially devalued corporations, while reserving additional investment funds to rehabilitate the two pharmacies post-confirmation.

7.6 Deliverables and Continuity. When the assets of the two corporations are stripped in the Asset Sale, the residual value of the underlying corporate stock is minimal. Purchasing the Stock of the two corporations in the Forshee individual case allows the Plan Proponents to retain the (1) EIN numbers, (2) the insurance contracts, (3) the patients, (4) the locations leases, (5) the Cherokee brands, and (6) by necessity, obtain DEA licenses attached to the Cherokee Pharmacy geographical locations. These elements are feasible deliveries under the provisions of Plan Proponents Amended Plans in the three cases, and as detailed in their prior filed Disclosure Statements in the three cases.

7.7 Fresh Start Doctrine. The Plan Proponents Plan offers the foundation of what the Chapter 11 "Fresh Start" doctrine intends, if not mandates: confirmation of a Plan of

Reorganization, where the emerging reorganized debtor has a Second Chance. To accomplish this, the Asset Sale absorbs the losses incurred by the combined pharmacies' operations since the two corporate Debtor's petitions were filed. The Stock Purchase remains necessary to retain the continuity of the operations as contemplated on January 17, 2017, and the blended Asset Sale and Stock Purchase provides the vehicle to fulfill the consolidated objectives for all of the stakeholders in the three Chapter 11 cases.

7.8 Court Approved Asset Sale/ Stock Purchase as Expedited §363(b) or (l) Sale.

The Plan Proponents request the Court to approve an expedited, §363(b) or (l), Asset Sale, where Plan Proponents are the Buyers of all the assets of two Cherokee corporations, and further support Plan Proponents' strategy to purchase the Corporate Stock of the corporations. under a modified Stock Purchase Agreement in the David Terry Forshee individual case.

Because of the significant devaluation of the Pharmacies as going concerns, purchasing the Assets of the two Cherokee corporations allows for investment in the rehabilitation of the operations, while recovering 2017, and 1st quarter 2018 losses, over several years as the reorganized corporations. This strategic combination retains the continuity of the Cherokee operations and the Cherokee brand, and closely matches the intended outcome of the original transaction that began on January 17, 2017.

By completing a §363(b) or (l) Asset Sale, where the two corporate cases receive $1,647,547.75 in new money, paid in exchange for delivery of all of Debtor's assets free and clear of encumbrances, permits the Cherokee Cleveland and the Cherokee Dalton Pharmacies to be rapidly rehabilitated. The Asset Sale (1) arrests the continuing deterioration and accelerated devaluation of the Cherokee businesses, and (2) permits the Plan Proponents, with Court approval, to immediately fully fund and support the operations of both Cherokee Pharmacies with the necessary cash and resources during the interim, until the §363(b) or (l) Asset Sale is approved

and occurs.

7.9 §363 of the Bankruptcy Code. Section 363 of Title 11 of the United States Code ("Bankruptcy Code") authorizes trustees (and Chapter 11 debtors-in-possession) to use, sell, or lease property of a debtor's bankruptcy estate; including the assets of the corporate entities, outside of the ordinary course of business upon bankruptcy court approval. Some of the key benefits for purchasers are the ability to purchase assets free and clear of liens under §363(f) and obtain protections from adverse consequences of any appeal under §363(b) or (l). Under §363(f), the trustee or debtor-in-possession may sell property of the debtor's bankruptcy estate free and clear of all liens, claim and encumbrances as long as: (1) applicable non-bankruptcy law permits it; (2) the interested party consents; (3) such interest is a lien and the sale price of the property is greater than the value of all liens; (4) the interest of the interested party is in bona fide dispute; ***or*** (5) the interested party could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of its interest.

(1) The Plan Proponents advocate the granting of a sale under §363(f) as it yields optimal results for the Sellers, Purchasers, and Creditors. If the Court finds that property of the Debtor's estate can be sold pursuant to §363(f), the Purchasers request the Order to include findings under §363(b) or (l) of the Bankruptcy Code that the purchase of the property is in "good faith." The practical implication of securing the §363(b) or (l) finding is that once the Purchasers are declared to be a 'good faith purchaser' and close on the sale (assuming the court does not grant a stay pending any appeal), the sale cannot be undone by reversal or modification of the sale order.

(2) While it could be argued that the Purchasers, as insiders, have direct access to the sale, and that the proposed sale is not an arms-length transaction. The risk that potential bidders and/or the debtor could be accused of price controlling, anti-bid rigging, fraud, or collusion during an otherwise conducted auction process, is highly unlikely or supportable. The Purchasers

are only insiders because of the failure of the Debtor (Sellers) to deliver the purchase/sale transaction on January 17, 2017 as planned. Prior to that, the Plan Proponents were absolutely arms-length buyers. What is occurring now is the use and benefit of the Chapter 11 Court to correct the failing of the Sellers, and to assist with the settlement of out-sized Civil Penalty Actions levied against the Debtor, and Cherokee Cleveland and Cherokee Dalton from significant regulatory violations.

(3) Should the Court agree and approve, the Plan Proponents seek waiver of the fourteen (14) day stay of the sale order under Bankruptcy Rule 6004(h) – so that the Plan Proponents can close immediately or as soon as practical. The ability to close sooner prevents further delay and damage – relieving the Chapter 11 Trustee/Debtor the overhead and burden of securing the assets/stock purchase transaction, for two additional weeks.

(4) In the Sixth Circuit, the Court paved the way for §363 sales of all of the Debtor's assets in *Stephens Industries, Inc. v. McClung*, 789 F.2d 386 (6th Cir. 1986). In *Stephens Industries*, the Court concluded that a bankruptcy court may authorize the sale of all of the Debtor's assets under §363(b)(1) so long as the sale is justified by a "sound business purpose." *Id.* at 390.

7.10 §363 Applied to this Case.

(1) In this, the Debtor's case, one of the most salient business and financial purposes that best serves the creditors in this case, and the other two cases, is the continuation of the Cherokee Pharmacies' post-petition income stream by retaining the continuity of existing operations. With the exit of the Debtor Forshee, the Purchasers, Dr. Jonathon G. Marquess and Pamela S. Marquess become the new equity owners, with Dr. Marquess as the registered Pharmacist, accountable for compliance and management of the Cherokee pharmacies and brand. The procedures to approve the sale are not complex as the assets are identified and a purchase price is in place with certain economic adjustments requested due to the length of time between

the intention to close and the ability to close the Stock Purchase transaction. These components point to the benefits associated with an expedited private sale rather than a stalking horse or public auction. At this point, time is of the essence because (1) the revenue generated in both Cherokee locations is deteriorating because of the inability to strategically buy goods and provide services profitably, (2) the organic restrictions and uncertainties inherent in Chapter 11 proceedings, where customers, patients, and suppliers are uncertain about the ownership and future leadership of the entities, and (3) the looming DEA civil penalties that are clearly tied to David Terry Forshee as the registered pharmacist under whose watch the DEA incidents occurred.

(2) The Plan Proponents propose to complete the sale pursuant to 11 U.S.C. § 363(m), by way of a Court approved sale to Jonathan G. Marquess and Pamela S. Marquess as "Purchasers" and the Debtor's shareholders, David Terry Forshee and Angela Denise Forshee as "Sellers." Contemporaneously with the filing of the Plan Proponents' Plan and Disclosure Statement and Plan, along with filing of Disclosure statement and Plan in the two Cherokee Cases, the Plan Proponents file their motion for a "Good Faith Finding" pursuant to § 363(m) of the Bankruptcy Code and in support of this motion, the Plan Proponents will set forth:

(3) As was stated, prior to the Bankruptcy filing of the three (now two) Administratively Joined cases on April 28, 2017, Debtor filing two separate business cases and Mr. Forshee's individual case.

(4) The Plan Proponents and the shareholders of the Debtor (David Terry Forshee and Angela Forshee) entered into a Purchase contract on January 17, 2017 and this contract is under consideration to be affirmed (unless modified) by the selling shareholders and the Plan Proponents upon Court approval.

(5) With the Plan Proponents as Purchasers of the Stock of the Cherokee entities, tension between the parties in interest, and the stakeholders, can be mitigated quickly. The

Plan Proponents (1) have the funds supporting the means of execution of, theoretically, all three cases; with the exception of the scope, size, and responsibility of the total of the potential DEA civil penalties, (2) have the expertise, creditability, and experience within their existing infrastructure and professional relationships to quickly minimize costs to the estate and to maximize the value of the assets before further and accelerated value erosion occurs, and (3) have $600,000 invested in the transactions as stakeholders since January 2017, and are familiar with the personnel, compliance matters, geographic locations, and what works and what does not work about the operations.

(6) The Plan Proponents, despite sustaining unanticipated losses, expenses, and costs associated with the delayed and failed closing for the free and clear purchase of the Stock in the two Cherokee corporations in January 2017, their objective remains to rebuild the Cherokee brand, and re-establish its prestige and integrity in the community, with its vendors and suppliers, and with the regulators having jurisdiction over compliance matters and record-keeping. The budget to fund these financial challenges, and to install systems upgrades, and apply the corrections needed in operations, can be measured in the tens of thousands of dollars. Recent Monthly Operating Reports prepared by the Debtor, confirm that operating cash is dwindling due to out-of-formula purchasing, and ineffective accounting and leadership. These points, among others, offer a “sound business purpose” supporting an expedited pre-confirmation §363(b) or (l) sale.

7.11 §363 Support for this Case.

(1) The Bankruptcy Court for the Middle District of Tennessee relied on the *Stephens Industries* "sound business purpose" test in denying a Debtor's expedited sale motion. *In re Barnhill's Buffet, Inc.*, 2008 WL 4489687 (Bankr. M.D. Tenn. Feb. 13, 2008). In *Barnhills*, the court listed the following factors commonly considered in connection with the "sound business

purpose" test. [#1] a sound business reason or emergency justifies a pre-confirmation sale, [#2] adequate and reasonable notice of sale was provided to interested parties, [#3] the sale has been proposed in good faith, and [#4] the purchase price is fair and reasonable.

(2) The key benefit of a sale under Section 363 is that the sale is "free and clear" and divests the property of all liens, claims, and encumbrances. In this, the Debtor's case, this refers to the Stock in the two (2) pharmacy corporations. Issues that commonly arise in a Section 363 sale include: 1) whether the property to be sold is part of the bankruptcy estate; 2) whether the parties with interests in the property are adequately protected; 3) whether the property to be sold is subject to a *bona fide* dispute; and 4) whether the buyer is acting in good faith. If these issues are resolved and the bankruptcy court approves the sale, Section 363 provides a good faith purchaser with invaluable security by limiting the effect of a successful appeal of the order approving the Section 363 sale.

(3) The Plan Proponents offer that pursuant to 11 U.S.C. § 363(m), "The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property, does not affect the validity of a sale or lease under such authorization to an entity that *purchased or leased such property in good faith*, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal" *(Emphasis Added).*

(4) The Bankruptcy Code and Rules do not provide a definition of Good Faith; however the *in re: Ewell*, the Court made a good faith determination using equitable principles, such as: a) whether the sale was "in the best interests of all creditors and other parties in interest," b) whether the sale was "fair and reasonable," and c) whether there was evidence of a lack of good faith through "fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders." 958 F.2d 276, 281-82 (9th Cir. 1992).

(5) Plan Proponents' use of the prior contract as agreed upon guidelines for the purchase of the underlying Stock of the two pharmacy entities is in the best interest of all creditors in the two Cherokee cases, and other parties in interest, because the proceeds of the sale will be used to fund the two small business cases' Plans of Reorganization, along with the applicable U.S. Trustee Fees (estimated to be $6,500.00 or more depending on timing and quarterly receipts) contributed at closing of the §363(b) or (l) sale), with the balance of the proceeds being held in Plan Proponents' Attorney's Trust Account until it can be used to fund the Plans of Reorganization, upon the Plans' confirmations (unless handled as a pre-confirmation sale; which works more effectively in the best interests of all stakeholders and all others affected and those concerned).

(6) The complexities of the two small business cases, and to relevant parts of the third, individual case for that matter, immediately forwards the licensing and capital requirements to operate the two Cherokee pharmacies, with Dr. Jonathan G. Marquess as a qualified and suitable Purchaser and Owner over other Bidders that may be unwilling or unable to provide sufficient speed and funds to otherwise solve the two Cherokee cases – plus perhaps the third, individual case, as well.

(7) As introduced, Purchaser Jonathan G. Marquess, PharmD, CDA, FAPhA of Acworth, GA is (1) a highly respected, distinguished, and licensed Pharmacist, (2) is the owner and operator of ten [10] other successful pharmacies in the geographical region where the Cherokee pharmacies are located, (3) has extensive professional experience and numerous certifications offering confidence and certainty to the future of the Cherokee brand, (4) is a $600,000+ stakeholder in the Cherokee pharmacies and brand, and (5) is a related party and insider to the current operating business and transactions.

(8) The background and visibility of the Cherokee pharmacies, and the three cases before the Court, concludes with confidence that the sale is not for the purposes of hiding

assets from creditors; rather, the proceeds of the proposed §363(b) or (l) sale are directed to funding the Plans in the two small business cases, and coupled with the proposed purchase proceeds of the Cherokee Cleveland real property from Debtor and non-filing spouse, excess proceeds are dedicated to resolving the Debtor, David Terry Forshee's, individual case as well.

(9) The Purchase Price ($2,247,547.75 - $600,000.00 = $1,647,547.75 net) is offered from a "good faith purchaser," and the proposed §363(b) or (l) sale is a fair and reasonable solution against the background of the reduced values and costs incurred to hold the transaction together through the multiple and diverse negative developments for the entities in 2017. The asset value of the two pharmacies equal approximately $800,000 (Cleveland) and $400,000 (Dalton) on a "desktop basis" – meaning no examination of the assets has occurred, and due to the inability to receive updated information as requested, no support that would otherwise lead to the contrary is known. In addition, any possible added value based on a multiple of EBITDA (earnings before interest, taxes, depreciation, and amortization; which is a basis used in most merger and acquisition transactions, is missing at this point, because the trend in both pharmacies concludes with very little, or no EBITDA on the near horizon due to protracted and projected losses.

(10) The United States Court of Appeals for the Third Circuit laid out the test for a good faith purchaser in *In re Abbotts Dairies of Pennsylvania*, 788 F.2d 143 (3rd Cir. 1981). "The requirement that a purchaser act in good faith ... speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders. *In re Rock Indus. Mach. Corp.*, 572 F.2d at 1198; *see also Taylor v. Lake* (*In re Cada Invs.*), 664 F.2d 1158, 1162 (9th Cir. 1981) ("Courts have generally appeared willing to set aside confirmed sales that were 'tinged with fraud, error or similar defects which would in equity affect the validity of any private

transaction.' ")." *In re Abbots Dairies*, 788 F.2d at 147. By acting in good faith, a buyer can secure the protections of Section 363(m), provided a reviewing court does not stay the sale.

(11) The Plan Proponents, as stakeholders, are transparent in their intentions and purposes. There is no evidence of fraud, collusion, or any attempts to take grossly unfair advantage of other bidders. The Plan Proponents' discussion of an expedited §363(b) or (l) sale seeks a 'Court Ordered Good Faith Finding' that the contemplated sale under 11 U.S.C. § 363(m) as proposed, is in the best interest of the Debtor, the Debtor's exiting stockholders, the Plan Proponents, and the Creditors, as such a finding would protect the Creditor's interest in the sale, as well as, expediting the confirming of a Plan of Reorganization. Further, moving the businesses forward offers the participating creditors, by and large, with fresh benefits from the Plan Proponents' planned upgrades and projected market growth resulting from cleaning up the Cherokee brand and daily operations.

(12) Dr. Marquee's (and his wife Pamela's) motive to purchase the Cherokee pharmacies includes adding to their current ownership of ten (10) other pharmacies, increasing their privately owned 'chain" to twelve (12). This motive finishes with the ability to increase the Purchasers' merchandising and buying powers; including achieving economies of scale in pricing, logistics, administration, and management. The Plan Proponents' pharmacies, by way of consolidation, emerge as a stronger, independent chain, in the highly competitive, national retail chain pharmacy marketplace.

(13) The §363(b) or (l) sale price offered at $2,247,547.75 - $600,000.00 = $1,647,547.75 net), is offered at a fair premium over an auction (liquidation) yield, and statistically higher than a single store purchaser, or a new entry into the local markets would pay. To close, the Plan Proponents also plan substantial improvements to the devalued Cherokee stores and brand through a "made it through the storm" marketing and re-merchandizing campaign to clear up

lingering issues with its systems, personnel, compliance, and aging curb appeal.

(14) The Plan Proponents' Second Amended Plan of Reorganization offers the manner, disposition, and deployment of directed resources producing specific results in the extreme near-term. These resources are underpinned with professional credentials, and an operations team, that is fully capable of supporting and delivering the economic feasibility disclosed here and in the Plan. This assures the Court that financial viability is highly likely to manifest before the end of the 2nd quarter of 2018, thereby avoiding the need to file Bankruptcy again in the future. In view of this, the Court is requested to approve the proposed §363(b) or (l) sale embedded in the Plan, and therefore the Plan itself. After this, the creditors are requested to vote affirmatively for the Plan based on the Plan Proponents' § 363(m) sale proceeds.

7.12 Profitable Exit. In such event the Forshees choose to sell the Cherokee Cleveland real property to the Plan Proponents, they would do so at a profit. By disposing of the Cherokee Cleveland location, along with the two Cherokee Pharmacy corporations and operations, the Forshees could move beyond the current circumstances, and have a clean slate and a fresh start to pursue the greater opportunities they are now pursuing. If the Forshees reject the opportunity to sell the location to Plan Proponents, the Plan Proponents require a lease on the premises as promised in the January 17, 2017 Stock Purchase Agreement.

The Cherokee Pharmacies, although battle-worn, remain somewhat intact, and a Chapter 11 Plan of Reorganization is the arena that allows for the most feasible and beneficial outcome for all stakeholders that were affected by the filing of a Chapter 11 petition, and it is the appropriate arena to resolve or settle many ancillary matters, arguments, and adversary proceedings that would otherwise follow through protracted litigation.

7.13 Changes to December 2017 Corporate Plans.

7**.13.1** In December 2017, Plan Proponents' $1,200,000.00 Plan and Disclosure Statement proposed to complete the Stock Purchase with the Terry and Angela Forshee as the stockholders of Cherokee Cleveland, and Cherokee Dalton. Because of the declining value of the Cherokee operations, the Plan Proponents focused on the rehabilitation costs of the Pharmacies rather than on the benefits of an Asset Sale. After fully understanding the benefits of an Asset Sale, Plan Proponents return to the premises of the January 17, 2017 agreement to purchase the two pharmacies by offering, in new money proceeds, the remaining balance under the January 17, 2017 Stock Purchase Agreement of $1,600,000.00; plus, an additional $47,547.75 to equal $1,647,547.75 in total proceeds in the §363(b) or (l) Asset Sale.

7.13.2 In the §363(b) or (l) Stock Purchase in Mr. Forshee's individual case, Plan Proponents propose tendering the amount of $8,376.69 as consideration in exchange for the Forshee's issued stock, and the unissued treasury stock, of the two Cherokee corporations to facilitate the purchase and cancelation of those shares. This raises the total of new money proceeds in the two §363(b) or (l) sales to the amount of $1,655,924.44.

7**.13.3** The offer to fund the Stock Purchase in this case by paying $8,376.69 in exchange for the Stock, completes the settlements with Judgment Creditor J.M. Smith d/b/a Smith Drug Co. against the Mr. Forshee, but also against an unrelated debtor, Cherokee Health Care Supply, having joint and several liability with Mr. Forshee. This benefits Mr. Forshee as a settlement in his individual case.

7**.13.4** As explained by the Plan Proponents in their Disclosure Statement and initial Plan of Reorganization filed on December 27, 2017, the Plan Proponents have previously paid to Debtor and its sister company, Cherokee Pharmacy & Medical Supply, Inc., the aggregate amount of $600,000.00 in partial consummation of the purchase of the businesses, which such amount represented the at cost value of the inventory.

7**.13.5** Plan Proponents also have post-acquisition and post-petition claims for inventory purchases and operating expenses advanced from January 17th 2017 through February 28th 2018 in the amount of $242,157.27 = ($106,167.97 to Cleveland and $135,989.30 to Dalton). These amounts are in addition to the $600,000.00 partial payment paid towards the stock purchase of the Cleveland and Dalton pharmacies. As a Claimant in the two corporate cases, under a 100% Plan, when the $242,157.27 is added to the $600,000.00 previously paid by Plan Proponents as explained above at paragraph 2.2.2, the aggregate purchase price for the Asset Sale and Stock Purchase transactions rises to the total amount of $2,468,081.71.

7.13.6 Plan Proponents' strategy to complete the Asset Sale and the Stock Purchase; including the cancellation of all issued and outstanding shares, and the unissued treasury stock of the corporations, opens the several opportunities; (1) by exiting the Forshees as shareholders and owners of the Cherokee Pharmacies, and (2) by completing the three related Cherokee Bankruptcy cases, the DEA can proceed with returning the prior issued Dalton license to Dr. Jonathan Marquess, and complete Dr. Jonathan Marquesses license application for the Cleveland location as the Registered Pharmacist. The final DEA open items include determining the Plan treatment or treatments (aggregated in the three cases) for the potential DEA Civil Penalties in the amount of $9,536,574.00, as negotiations have not concluded and no disposition regarding the potential claims or possible penalties is known at this time.

7.14 Plan Proponents' Proforma Dividend Settlement Pool.

Under Plan Proponents' Plan, the $1,647,547.75 new money from the $2,247,547.75 total ($1,647,547.75 + 600,000.00 = $2,247,547.75) accomplishes the following:

7.14.1 the offer to complete the Asset Sale in the Cherokee Cleveland case yields $1,209,785.25 in new money; plus, the application of the $405,653,04 previously paid by Plan Proponents for the inventory, for a total of $1,615,438.29;

7.14.2 the offer to complete the Asset Sale in the Cherokee Dalton case, yields $437,762.50 in new money; plus, the application of $194,346.96 previously paid by Plan Proponents for the inventory, for a total of $632,109.46;

7.14.3 in addition, the offer to complete the Stock Purchase in the Forshee individual case by paying $8,376.69 as consideration to the Forshees to purchase the Cherokee Cleveland and Cherokee Dalton corporate stock completes the settlements with Judgment Creditor J.M. Smith d/b/a J.M. Smith d/b/a Smith Drug Co. against an unrelated debtor, Cherokee Health Care Supply but also Terry Forshee jointly. This benefits Mr. Forshee as a settlement in his individual case;

7.14.4 the secured creditors receive 100% of their claims in the three cases; under certain and specific circumstances described herein;

7.14.5 the Judgment Creditor, J.M. Smith d/b/a/ J.M. Smith d/b/a Smith Drug Co. receives 100% of its Judgment Claim(s) that applies to (1) Cherokee Cleveland, joint and severally with Mr. Forshee, in the amount of $485,435.28, (2) the payment of $151,247.58, that applies to the Cherokee Dalton Judgment Claim, and (3) the payment of $8,376.69 as the residual amount remaining in the above claims, for an aggregated total of $645,059.55 payable to J.M. Smith d/b/a Smith Drug Co.

7.14.6 the above application of funds leaves the disposition of the remaining amount of $96,854.27 due under the aggregated J.M. Smith d/b/a Smith Drug Co. judgment claims that are perfected against the real property owned by the Forshees where the Cherokee Cleveland Pharmacy is located. This amount attributes to the defunct Forshee-Carder Pharmacy and carries proportionate joint liability against Mr. Forshee.

7.14.7 the General Unsecured Creditors receive 100% of their approved claims in the three cases; and by way of three reorganized Debtors, and

7.14.8 no creditor, based on the information provided in the two corporate cases, receives less than 100% of their approved amounts in the Asset Sale of the two Cherokee pharmacies, and under certain and specific circumstances agreed upon by the Forshees, no allowed creditor receives less than 100% of their approved amounts in the Stock Purchase in the Forshee individual case.

7.15 Plan Proponents' Proforma Dividend Settlement Pool Schedule.

The Proforma Dividend Settlement Pool schedule that follows on *page 60 of 106* below tracks the Plan Proponents' $1,647,547.75 in new money injected in the Asset Sale of the two Cherokee corporations, and applies the $600,000.00 paid to Cherokee Pharmacy on February 5th 2017 in partial consummation of the purchase of the Cherokee businesses, with such amount representing the at cost inventory at the two Cherokee Pharmacies, thereby completing the alignment of the Sellers Forshee and the Buyers Marquess intentions on January 17th 2017. The "*Pre/Post $ Advanced",* column lists the amounts advanced post-acquisition, confirming the aggregated purchase price in the amount of $2,498,081.71; plus, paying the amount of $8,376.69 in the Forshee individual case, in exchange for the Stock of the two Cherokee corporations. The results in the amount of $2,468,081.71, as Plan Proponent's total proposed cash investment in the combined Cherokee Pharmacy transactions.

See Plan Proponents' Proforma Dividend Settlement Pool Schedule

on the following page 60 of 106

Pro-Forma: Dividend Settlement Pool [1]	Creditor Amounts	Extensions	New Money Totals	New Money w/ Inventory	+ Pre/Post $ Advanced =
Cherokee Cleveland Case Summary:					
U.S. Trustee Estimate		14,955.40			
Administrative Expenses Estimate		221,800.00			
Value of Executory Contracts @ 100%	22,362.73				
Post-Petition Vendor (Proof of Claim) 100%	53,465.67				
Approved Judgment Creditor @ 100%	485,435.28				
General Unsecured Creditors @ 100%	381,766.17				
Total Cleveland Creditors:		943,029.85			
Total Cleveland Case Funding:			1,209,785.25	1,209,785.25	
Cleveland Inventory Purchase Pre-Paid:				405,653.04	
Post-Acquisition and Post-Petition Funding:					106,167.97
Total Cleveland Investment:				**1,615,438.29**	**1,721,606.26**
Cherokee Dalton Case Summary:					
U.S. Trustee Estimate		8,228.33			
Administrative Expenses Estimate		130,201.20			
Dividend to Priority Tax Claim @ 100%	3,695.27				
Post-Petition Vendor (Proof of Claim) 100%	47,061.27				
Value to Executory Contracts @ 100%	32,550.78				
Approved Judgment Creditor @ 100%	151,247.58				
General Unsecured Creditors @ 100%	64,778.07				
Total Dalton Creditors:		299,332.97			
Total Dalton Case Funding:			437,762.50	437,762.50	
Dalton Inventory Purchase Pre-Paid:				194,346.96	
Post-Acquisition and Post-Petition Funding:					135,989.30
Total Dalton Investment:				**632,109.46**	**768,098.76**
Total Applications - Asset Sale:			**1,647,547.75**	**2,247,547.75**	**2,489,705.02**
Forshee Individual Case Summary: [2]					
Approved Judgment Creditor @ 100% [3]	8,376.69				
Total Applications - Stock Purchase:			8,376.69	8,376.69	8,376.69
Total Asset Sale / Stock Purchase / Amount			**1,625,924.44**	**2,255,924.44**	**2,498,081.71**

[1] *All of the above amounts are subject to final reconciliation and verification; including reconciliation of payables and collectable receivables, and actual inventory count and current values.*

[2] *This Summary pertains to the purchase of the Stock of the two Cherokee Pharmacy corporations from the Forshees.*

[3] *This Line item is part of the J.M. Smith d/b/a J.M. Smith d/b/a Smith Drug Co. Judgment against Cherokee Health*

Care Supply and Terry Forshee. This amount is offered in the Forshee individual case as partial consideration to purchase the Cherokee Cleveland and Cherokee Dalton corporate stock from the Forshees at a simultaneous closing with the proposed §363(b) or (l) Asset Sale of the two Cherokee Pharmacy corporations to Plan Proponents.

7.16 Summary of Plan Proponents' Amended Plan. The Plan Proponents' proposed combination of an Asset Sale and a Stock Purchase offers the Plan Proponents' the opportunity to pay the $1,647,547.75 in new money for a total of $2,498,081.71, by way of a motion for a §363(b) or (l) Asset Sale in the two corporate cases, while still gaining the benefits of purchasing the stock of the two Cherokee corporations in the Forshee individual case. Of concern are certain variables and contingencies regarding completing the transactions as follows:

7.16.1 the issuance of DEA licenses to Jonathan Marquess at the two Cherokee Pharmacy locations;

7.16.2 the ability to obtain a lease at the Cherokee Cleveland locations, or in the alternative, to be enabled to purchase the Cherokee Cleveland premises from the Forshees by way of Plan Proponents' Plan filed in Mr. Forshee's individual case; and,

7.16.3 the recognition, without further litigation, that the Asset Sale includes the $1,647,547.75 in new money that is made available to complete the deliveries in the two corporate cases, and is part of the $2,247,547.75 total purchase price paid by the Plan Proponents; where $405,653.04 was paid for the Cleveland inventory, and $194,346.96 was paid for the Dalton inventory ($600,000.00 total) on February 5, 2017. When taking into consideration the Plan Proponents' $242,157.27 post-acquisition and post-petition claims, the total Asset Sale purchase price rises to $2,498,081.71. *(see Plan Proponents' Proforma Dividend Settlement Pool at page 15 of 32 below).*

7.17 Purchase Money Retention Interest and/or Resulting Trust Revisited. The Plan Proponents are stakeholders having a Purchase Money Retention Interest Claim or a Resulting

Trust (or both) in the inventory assets operated by the Debtor's Cherokee Pharmacy(s). The Purchase Money Retention Interest and/or Resulting Trust claim is divided as $194,346.96 allocated to Cherokee Dalton, and $405,653.04 allocated to Cherokee Cleveland. On February 5, 2017, the Plan Proponents paid $600,000.00 to the Sellers of the two corporate Debtors, in partial consummation of the purchase of the Cherokee Pharmacies and their respective inventories. The $600,000.00 Purchase Money Retention Interest and/or Resulting Trust in the inventory assets of the Debtor straddles all three related Debtor Estates; where the underpinning claim and value remains as the inventory purchased by the Plan Proponents, or its substitutions, in exchange for the $600,000.00 paid in full on February 5, 2017, in partial consummation of the purchase of the Cherokee Pharmacies.

7.18 Disposition of Equity in the Two Cherokee Corporations and Debtor's Estate.

7.18.1 Equity. The Debtor has equity in various properties and assets of the Estate. The Plan Proponent has limited information regarding the financial scope, values, and characteristics of Debtor's real property, personal property, and financial holdings and liquidity. The Plan Proponents' focus references the sale and purchase of the ownership interests in the corporate Debtors, (Cherokee Pharmacy & Medical Supply, Inc. and Cherokee Pharmacy and Medical Supply of Dalton, Inc.).

7.18.2 Liquidity. When addressing liquidity in the Debtor's Estate, there appears to be equity in several properties, and perhaps in other business ventures, beyond the two Cherokee Pharmacies. The Plan Proponents do not have any information as to cash assets or liquidity investments. Searches show assets and accounts are owned jointly, as tenants-in-the entireties, and as marital assets. Referencing to the ownership interests in the Cherokee corporate Debtors, there are two shareholders, David Terry Forshee, owning 50%, and his wife and Non-Filing Spouse, Angela D. Forshee, owning 50%. A Debtor company in Chapter 11 generally wants to retain its

property, and the Stockholders of the Debtor typically want to retain their shares in the company. If a company in Chapter 11 or its shareholders, do not pay creditors 100% of their claims, the company will face an objection based upon the Absolute Priority Rule. In an individual case, the same basics apply. If a Debtor's Bankruptcy Estate has sufficient liquidity and/or equity to otherwise pay its creditors 100%, the Debtor must pay the creditors 100% of their allowed claims under the Absolute Priority Rule.

7.18.3 Absolute Priority Rule. Under 11 U.S.C. § 1129(b)(2)(C), if a class of claims (normally the ownership structure of the company) retains an interest in property while a senior class (creditors) is not paid in full, the Plan should not be confirmed. This rule is referred to as the Absolute Priority Rule. The class that is not paid in full may object to confirmation of the Plan based upon this failure to pay the full claims. As stated above, the Absolute Priority Rule is codified in the Bankruptcy Code and a Court should not confirm a Plan that does not comply with the rule.

7.18.4 Exception to Absolute Priority Rule. Chapter 11 debtors that do not provide sufficient funds to pay all creditors have great difficulty confirming a Chapter 11 Plan because of the Absolute Priority Rule. The Courts have addressed this issue and created a method for debtors to work around this Rule. Debtors can confirm a Plan over an Absolute Priority Rule objection by proposing a new value contribution to the debtor's estate. The Courts have described this new value as "money or money's worth" as the injection of new capital in many forms. While the Courts have created this exception, they have not created a uniform standard for its applicability. The basic theme for new value contribution is "timing and value." The sooner the contribution is made, and the larger the contribution in relation to the discharged debt, the more likely the Court is to overrule an Absolute Priority Rule objection. The new value exception to the Absolute Priority Rules allows for existing equity holders to retain their ownership interest in

a debtor even in scenarios where more senior, dissenting classes of creditors are impaired. The new value exception under 11 USCS §1129(b)(2)(B)(ii) serves both goals of a Chapter 11 case; (1) to permit successful rehabilitation of the debtor, and (2) to maximize value of estate by permitting prior stockholders to contribute new money in exchange for participation in reorganized company. Restating (2) above in a modified format suggests "to maximize value of estate by permitting new stockholders to contribute new money in exchange for participation in the reorganized company."

The Plan Proponents are offering the Debtor in this case an additional and verified source of capital, and the new contribution increases the amount available for the Estate to use both in its reorganization and in funding the Plan and paying creditors [*In re* Bonner Mall Partnership (1993, CA9 Idaho) 2 F3d 899, 93 CDOS 5848, 93]. Similarly, the United States Bankruptcy Court for the Western District of Tennessee has reiterated that the new value exception to the Absolute Priority Rule is viable for purposes of evaluating fair and equitable provisions of 11 USCS § 1129(b) [*In re* Professional Dev. Corp. (1991, BC WD Tenn) 133 BR 425, 22 BCD 441].

In considering the specific facts and circumstances of this case, the Plan reflects the Plan Proponents attempt to provide the benefits to the corporation (the Debtor as shareholder, as well as, individually) as allowed by the new value exception. At the same time, the Plan proponents are making a good faith effort to align, as best as possible, with the Absolute Priority Rule by bringing substantial new value to the Estate. Additionally, the Plan Proponents are confident that the Plan is in-line with the policy reasons behind the new value exception, and are confident the Plan, and its underlying infusion of new capital, increases the likelihood that the business, along with Plan Proponents new management, will fix the current issues and successfully reorganize the operating corporations.

7.18.5 Bringing New Value to the Estate(s). Plan Proponents are bringing new value to the two Cherokee corporate Estates in the amount of $1,647,547.75 new money in the Asset Sale of the two Cherokee corporate cases, and by bringing new value to the Estate in this case, in the form of $8,376.69 in new money as consideration for the Forshee's in the Stock Purchase proposed, concluding that new value is brought into the three (3) related Chapter 11 Estates by the Plan Proponents.

While the January 17th 2017 Stock Purchase Agreement between the parties offered a face value of $1,600,000.00; plus the $600,000.00 partial payment paid towards the stock purchase of the Cleveland and Dalton pharmacies tendered on February 5, 2017, to equal $2,200,000.00, the Sellers were unable, and remain unable, to deliver the entities free and clear of encumbrances, as well as, resolving the DEA Civil Actions Claims, which the Sellers were at the source of the causes for these occurring pre-petition, and prior to, the execution of the January 17, 2017 Stock Purchase Agreement.

The Plan Proponents' proposal to bring no less than $1,647,547.75 as a new cash infusion into the three Estates, underpins Plan Proponents $600,00.00 Purchase Money Retention Interest and/or Resulting Trust in the Estate (allocated as $194,346.96 to Cherokee Dalton, and $405,653.04 allocated to Cherokee Cleveland in partial consummation of the stock purchase transaction of the Cleveland and Dalton pharmacies).

After review of all the factors, costs, and expenses to purchase the pharmacies and remarket the Cherokee brand, the Plan Proponents can support a valuation of the entities in the amount $2,247,547.75 (to include the $600,000.00 paid on February 5, 2017 in partial consummation of the stock purchase transaction of the Cleveland and Dalton pharmacies. In addition, the Plan Proponents propose to pay the amount of $8,376.69 as new money as consideration in this individual case, bringing the aggregated Purchase Price in the amount of

$2,255,924.44 as payable (including $600,000.00 of while is paid), in the cumulative Cherokee Cleveland case, the Cherokee Dalton case, and in Mr. Forshee's individual case, respectively.

7.18.6 Immediate Funding and Plan Treatments. The Plan Proponents are ready to immediately take over the operations of the corporate Debtors, and to bring interim capital into its pharmacy operations to otherwise stabilize and save the operating corporation from failure and liquidation. The current shareholders (David Terry Forshee, owning 50%, and Angela D. Forshee, owning 50%) are unable or unwilling to contribute immediate working capital into the operations. The corporate Debtors, and the shareholders, have not filed a Plan or demonstrated any interest in filing a Plan. Further, there is no indication the shareholders' value the two corporate pharmacies' operations sufficiently to slow or stop the current devaluation of the corporations. The Plan Proponent's Plan offers dividend payments, and other monetary settlements that result in reorganized corporate Debtors, and well as, an individual reorganized Debtor, that can return the two pharmacies to economic viability in the community where each operates. This brief summary of the Plan Proponents focus on timing and value is absolute.

Plan Proponents are ready to (1) provide immediate interim funding support for the operations of the two Cherokee corporations and the Debtor, (2) provide 100% dividend payments to allowed and approved creditors,(3) provide sufficient funds for the administrative costs and expenses of the cases, and (4) provide the expertise to rehabilitate the reorganized corporate Debtors to economic viability in the communities where they operate. The Plan Proponents' adding new value to the Estate supports the canceling of the current stockholders' stock and issuing new shares to the Plan Proponents at confirmation of the Plan in exchange for contributing substantial new value (cash) into the Estate.

7.18.7 Issuing New Stock. The Plan Proponents commitment to fund its Dividend Settlement Pool with $1,647,547.75 in new money adopts the basic theme of "timing and value"

for contributing new value to a reorganizable Debtor. The purchase of the Stock (ownership interests) of the Cherokee Dalton and Cherokee Cleveland pharmacies are proposed to be purchased in the extreme near-term, in conjunction with the Asset Sale of the business. Since the January 2017, and more particularly, since the filing of the cases on April 28, 2017; accordingly, to the filed Monthly Operating Reports, Cherokee Cleveland is 'hemorrhaging money', and has lost more than $250,000.00 since the case was filed, while Cherokee Dalton waivers between breakeven and mildly profitable on an annualized basis. These financial results, among other serious factors, support an expedited Asset Sale under §363(b) or (l); including the approving Plan Proponents' purchase of the Stock, in exchange for contributing substantial new value (cash infusion) into the Estate, and subsequently canceling the current stockholder's shares and declaring all existing common stock certificates to be null and void, then issuing new shares to the Plan Proponents upon the Effective Date of the Plan when the §363(b) or (l) sale be approved. Upon the cancellation of the prior shareholder's Stock Certificates, each of which is rendered null and void, new Stock Certificates shall be issued to the Plan Proponents, and upon completion of the §363(b) or (l) sale, where the Plan Proponents, having brought new equity into the Debtor by way of funding the Plan, are the new owners of the two Cherokee corporations.

ARTICLE VIII
CLASSES IMPAIRED BY THE PLAN

Certain Claims are impaired by the Plan. Classes are not impaired except to the extent of terms that have been stayed. If the Plan is confirmed, all creditors' allowed recovery will be limited to the amount provided by the Plan. The Claims that are not contingent, unliquidated and disputed cannot vote for the Plan. Those that are impaired, can vote to accept or reject the Plan. If the Plan is confirmed, all creditors' allowed recovery will be limited to the amount provided by the Plan.

ARTICLE IX
CLASSIFICATION OF CLAIMS AND TREATMENT

9.1 Classes of Creditors. The Plan separates the classes of creditors into differences of timing and value of claims. Some claims are classified, and some are unclassified. Some are entitled to vote to accept or reject the Plan, and some are not. Certain creditors in the same class may be treated differently; and some may be contingent, unliquidated and disputed, and some may require filing an objection to clear up certain facts surrounding the claim. The classification of claims below presents the distinctions of the Classes, and the Plan treatment to have the creditors vote to accept or reject.

9.2 Treatment of Claims. Pursuant to Section 1123(a)(1), a plan must designate separate classes of claims and classes of interests' subject to Section 1122, which governs the classification of claims and interests. According to Section 1122(a), as a general matter, each class of claims or interests must consist of substantially similar claims or interests. Pursuant to Section 1123(a)(4), a plan must provide the same treatment for each claim or interest within a particular class. Treatment of claims may be found to be unequal when, for example, one creditor or interest holder is asked to relinquish certain rights that other members of the class are not. A plan cannot provide holders within a voting class that accept the Plan to receive a greater distribution than holders within the class rejecting the plan. A holder of a particular claim or interest may, however, agree to a less favorable treatment of its claim or interest than the other members of its class. Dividends payable under the plan, regardless of the receiving class or treatment of the class, are computed after final verification of each claim and its claimed amount and paid from the Dividend Settlement Pool. The summary of payments from the Dividend Settlement Pool is subject to modification. The Plan treatment for each class and type of creditor is also subject to modification. Payment of dividends by the Plan Proponents is subject to the approval of an expedited §363(b) or (l) sale as proposed or such other structural alternative that accomplishes the same outcome.

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

9.4 Disputed Claims. Certain Claims that may receive different treatment under the Plan or may not receive any treatment in the certain circumstances. Such claims; including the amounts claimed, are not straightforward, and are defined as one or more of the following:

(a) **Contingent.** A contingent claim depends on some event that has not yet occurred and may never occur.

(b) **Unliquidated.** Unliquidated means a debt may exist, but the exact amount has not been determined.

(c) **Disputed.** A claim is disputed if the debtor and the creditor do not agree about the existence or amount of the debt.

Beyond scheduling a debt as the Contingent, Unliquidated, or Disputed, the Chapter 11 Trustee, and the Plan Proponents may advocate, the filing of an Objection to the Allowance of a Claim under the Federal Rules of Bankruptcy Procedure, Part III — Claims and Distribution to Creditors and Equity Interest Holders; Plans, Rule 3007.

ARTICLE X
TREATMENT OF UNCLASSIFIED CLAIMS

10.1 Administrative Claims shall consist of Allowed Claims for liabilities incurred by the Debtor in the ordinary course during the Chapter 11 Case including the Administrative Claims of professionals. Allowed Administrative Claims shall be paid upon the date which such Claims become due in the ordinary course, in accordance with the terms and conditions of any agreement

relating thereto or upon such other dates and terms as may be agreed upon by the holders of such Claims. All other holders of Allowed Administrative Claims (with the exception of professionals who will be paid One Hundred Percent (100%) of the amount allowed by the Bankruptcy Court upon application to the Bankruptcy Court and those Claims otherwise specifically dealt with in the Plan) shall be paid One Hundred Percent (100%) of their respective Allowed Administrative Claims, in cash, unless otherwise ordered by the Bankruptcy Court, upon the latter of (i) the Effective Date, or (ii) the date upon which an order approving payment of such Administrative Claim becomes a Final Order.

10.1.1 Priority Unsecured Vendor – 20 days Prior to Filing Petition. Bankruptcy Code section 503(b)(9) was included as part of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 ("BAPCPA") to provide additional protection to certain trade creditors by allowing suppliers of goods to assert an administrative expense claim for the value of goods sold and delivered to, and received by, a customer in the ordinary course of business within 20 days of the customer's bankruptcy filing ("§503(b)(9) Claim"). A §503(b)(9) Claim grants goods suppliers a step up in priority as an administrative claim.

10.1.2 McKesson Corporation. Plan Proponents have verified only one claimant (McKesson Corporation) as having a §503(b)(9) Claim in its Plan due to limited access to information. Should additional §503(b)(9) Claims be discovered, such Claimants, if any, would be paid from the Dividend Settlement Pool subject to the approval of an expedited §363(b) or (l) sale as conditioned, and the Plan treatment offered is 100% of the Allowed Amount of claimant, payable 30 days after Effective Date of the Plan unless other payment arrangements are agreed upon by the Claimant McKesson and the Plan Proponent. McKesson Corporation is not an insider and not impaired as to its Claim (POC #6 08/25/2017), in the amount of $47,061.27.

10.1.3 Priority Unsecured – Post Petition Vendors. To the extent there are

post-petition suppliers of goods that are unpaid, such amounts are to be reviewed and confirmed that none of these amounts are confused with pre-petition claims or obligations After verification, these Claimants, if any, would be paid subject to the approval of an expedited §363(b) or (l) sale as conditioned, and the Plan treatment offered is 100% of the Allowed Amount of claimant, payable 30 days after Effective Date of the Plan from with the collectable receivables at the time of the §363(b) or (l) sale.

10.1.4 U.S. Trustee's Fees shall consist of those fees due to the United States Trustee as required pursuant to 28 U.S.C. Section 1930(a)(6). Notwithstanding any other provisions of the Plan to the contrary, the Plan Proponents shall pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6), within 15 days of the entry of the Order confirming the Plan, for pre-confirmation periods and simultaneously provide to the U.S. Trustee an appropriate Affidavit indicating the cash disbursements for the relevant period. The Plan Proponents, as a reorganized Debtor, shall further pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. §1930(a)(6), based upon all post-confirmation disbursements made by the reorganized Debtor, until the earlier of the closing of this case by the issuance of a Final Decree by the Court, or upon entry of an Order by the Court dismissing this case or converting this case to another chapter under the U.S. Bankruptcy Code, and the reorganized Debtor shall provide to the U.S. Trustee upon payment of each post-confirmation payment an appropriate Affidavit indicating all the cash disbursements for the relevant period.

10.2 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. There is one (1) priority tax claim

due in this case. The U.S. Treasury (IRS) has filed its proof of Claim #3-2 in the amount of $3,595.60. This claim will be paid in full on the Effective Date of the Plan Proponents' Dividend Settlement Pool.

ARTICLE XI
TREATMENT OF CLASSIFIED CLAIMS

11.1 Class 1 – Secured Claims – Judgment Creditor. Class 1 has one (1) creditor, J.M. Smith d/b/a Smith Drug Co., holding a Judgment Lien in the amount of $151,247.58. To the extent creditor is secured, it will receive 100% of its allowed Claim thirty days after the Effective Date of the Plan from the Plan Proponents Dividend Settlement Pool. Any remaining amount that is determined to be unsecured will be paid at the same percentage as the Class 2, General Unsecured Creditors thirty days after the Effective Date of the Plan from the Plan Proponents Dividend Settlement Pool. Unless this creditor is determined to be impaired, it will not be entitled to vote to accept or reject the Plan.

11.2 Class 2 – General Unsecured Claims – Active Vendors. Certain priority claims 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. All approved Class 2 creditors are impaired and are entitled to vote to accept or reject the Plan. General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

Class 2 includes twenty-five (25) general unsecured creditors that have not been dealt with in another part of the Plan and are owed varying amounts, with 3 of the 25 with amounts scheduled as "contingent, unliquidated, or disputed". Certain claims may also be objected to as more information is gathered. The total amount of the allowed general unsecured claims is

$216,025.65. Each of the claims that are verified and allowed are payable thirty (30) days after the Effective Date of the Plan from Plan Proponents' Dividend Settlement Pool All Class 2 claimants are impaired and are entitled to vote to accept or reject to Plan, unless claimants are scheduled as contingent, unliquidated, or disputed (or all three). Disputed claimants although impaired, are not entitled to vote to accept or reject the Plan *(see Plan Proponents Disclosure Statement, section 7.7.3 and 7.7.4, page 44, respectively).*

11.3 Class 2 – General Unsecured Claims – Disputed. As introduced above, Class 2 has three (3) general unsecured claims that are contingent, unliquidated, and disputed (or all of these). These claimants are not entitled to vote to accept or reject the Plan unless the subject of the dispute or disputes are resolved. Proofs of Claim were filed by these creditors, but certain circumstances surrounding each prohibit recognition of these claims in their present form, and objections to the claims may be indicated to resolve the disputed matters. The total of these claims equals $9,914,251.99. The following is an overview of these three (3) claims:

(1) Anda is a vendor/supplier for the Cherokee Cleveland pharmacy; not Cleveland Dalton. The amount of $121,677.99 was erroneously scheduled in this case. The claim is disputed and objected in this case.

(2) Betts and Associates, referencing legal representation and services in the J.M. Smith d/b/a Smith Drug Co. litigation and judgment, and the pending appeal in the courts regarding the judgment. The Plan Proponents propose, under this Plan, a settlement payable to J.M. Smith d/b/a Smith Drug Co. as a part of its Plan Treatment in an effort to complete its purchase of the Cherokee Dalton pharmacy. The Debtor intends to continue with its appeal of the Judgment reached by J.M. Smith d/b/a Smith Drug Co., and should the Judgment be set-aside or remanded back the Circuit Court, Mr. Betts would continue as the Debtor's Counsel in such matters. In the event there were a reversal, or an award ultimately reached against J.M. Smith d/b/a Smith Drug

Co., Mr. Betts and the Debtor would have those benefits. The Plan Proponents are disinterested parties. In this regard, the Plan Proponents underline their treatment of the $256,000.00 aggregated claim (POC #4) as Contingent, Unliquidated, and Disputed due to non-specific allocations of Betts' claim, and Plan Proponents object to the claim accordingly.

(3) The United States Drug Enforcement Administration filed an Addendum to each Proof of Claim in the three (3) below referenced cases titled "**Civil Penalty Action; Basis for Calculation Attached".** The DEA's recitals in the three 3) separate claims are in regard to possible regulatory claims arising from inspections and audits underpinning 1) Proof of Claim 8-1 in the Cherokee Dalton small business case; 2) Proof of Claim 16-1 in the David Terry Forshee, individual case, and Proof of Claim 20-1 in the Cherokee Cleveland small business case. The allegations in each Claim are similar and overlapping between case to case and are recited below for information and comparison purposes. All of these claims are Contingent, Unliquidated, and Disputed due to the fact that no monetary assessments have been made. These claims remain as "possible" or "potential" and no treatment can be provided or speculated at this time.

(4) The Plan Proponents prior filed Disclosure Statements and Plans in the three related cases, proposing *"starting point"* settlements to otherwise commence negotiations with the DEA under Plan Proponents' Powers of Attorney with authority to operate the pharmacies until the new licenses license are issued. Although the DEA objected to Plan Proponents' offers in their prior filed Plans, the DEA has indicated that negotiations are possible, and discussions are in-progress within their organization.

11.4 Executory Contracts and Leases. Plan Proponents agree to affirm and assume the existing executory contracts and unexpired Leases; subject to terms and conditions thereof, including (1) the Landlord lease where the Cherokee Dalton pharmacy is located, (2) the

equipment lease for a "robot" utilized at the location, and (3) an unidentified "Line of Credit" presumably used at the Dalton location. Holders of these contracts and leases will receive 100% of their verified and approved amounts due and continuing under each contract or lease accordingly. The total amount scheduled for creditors in this Class is $32,550.78 (not including the full term of the Landlord lease that is to be assumed or re-written and maintained under its terms and conditions in the ordinary course of the lease and of Plan Proponents' post-petition business operations. Holders of these contracts are not impaired. *(see Plan Proponents' Disclosure Statement, section 7.7.1, Page 41).*

(1) Upon the Effective Date, the regular monthly rent payments pursuant to the underlying lease agreement will continue under the lease with Dr. Church, c/o Coldwell Banker, 704 S. Thornton Ave, Dalton, GA 30720 (the "Landlord") or if the Landlord prefers, a new, longer term lease, could be negotiated and entered into post-confirmation. The current monthly rent amount is $5,697.94, which includes taxes and common area maintenance charges, and will be adjusted accordingly pursuant to the underlying lease agreement. There was no pre-petition, and there is no post-petition, lease payments overdue or unpaid.

(2) The lease with Kirby Lester Financial Services for the "Robot" is assumed according to its underlying lease agreement. There was no pre- petition, and there is no post-petition, lease payments overdue or unpaid.

(3) Debtor's September 30, 2017 financial statement refers to a "Line of Credit" of $16,652.44. Plan Proponents have no information supporting this listing in Debtor's schedules and have opened an inquiry regarding same. Once the Line of Credit is identified, and the terms and the amount owed is confirmed, this appropriate Plan treatment with be applied consistent with the Plan treatment proposed to the other creditors and claimants in this Class.

11.5 Purchase Money Retention Interest and/or Resulting Trust. The Plan

Proponents are stakeholders having a Purchase Money Retention Interest Claim or a Resulting Trust (or both) in the inventory assets operated by the Debtor, Cherokee Pharmacy & Medical Supply of Dalton, Inc. in the amount of $194,346.96. The Purchase Money Retention Interest and/or Resulting Trust claim is divided as $194,346.96 allocated to Cherokee Dalton, and $405,653.04 allocated to Cherokee Cleveland. On February 5, 2017, the Plan Proponents paid $600,000.00 to the Sellers of the two corporate Debtors, in partial consummation of the purchase of the Cherokee Pharmacies and their inventory. The $600,000.00 Purchase Money Retention Interest and/or Resulting Trust in the inventory assets of the Debtor straddles all three related Debtor Estates; where the underpinning claim and value remains as the inventory purchased by the Plan Proponents, or its substitutions, in exchange for the $600,000.00 paid in full on February 5, 2017, in partial consummation of the purchase of the Cherokee Pharmacies.

11.6 Conflict with Stalking Horse Asset Sale and Inventory Escrow. The Court has ordered the Stalking Horse Asset Sale process to proceed at the same time as Plan Proponents are advocating their Amended Disclosure Statements and Plans. The Stalking Horse Asset Sale Agreement includes purchasing the Assets of the Debtor for opening the bid price of $1,500,000 and purchasing the inventory of the Cherokee Cleveland and the Cherokee Dalton Pharmacies for the at cost or valuation of such inventory. At the time of filing of this Plan, there is no list of the inventory(s) and no value has been determined for such inventory(s). The Chapter 11 Trustee has mandated, that until a resolution is reached that the inventory asserted as owned by the Plan Proponents is, in fact, owned by them and not part of the Debtors Estate, or until such other claim of the Plan Proponents is approved agreeing that the Plan Proponents already own the inventory and cannot pay twice for what is already theirs, The Plan Proponents have agreed to place the value at cost of such inventory(s) in Escrow with the Court, or shall provide such other security acceptable to the Court, to otherwise secure payment to the Estate should Plan Proponents fail with their Purchase Money Retention

Interest and/or Resulting Trust claim(s) or other such claim(s) of ownership of the inventory(s) outside of the Estate.

11.7 Equity Holders. There are two (2) shareholders of Debtor Cherokee Pharmacy & Medical Supply of Dalton, Inc; David Terry Forshee, owning 50%, and Angela D. Forshee, owning 50%. These claimants are not entitled to vote to accept or reject the Plan and shall subordinate to their claims of other creditors consistent with the Absolute Priority Rule. A Debtor company in Chapter 11 generally wants to retain its property, and the Stockholders of the Debtor typically want to retain their shares in the company. If a company in Chapter 11 or its shareholders, do not pay creditors 100% of their claims, the company will likely face an objection based upon the Absolute Priority Rule. In this case, Plan Proponents are bringing new value to the Estate under the provision of cancelling the current Equity Holder's shares and issuing new shares to the Plan Proponents in exchange for the $1,647,547.73 Asset Sale new money consideration in the two Cherokee corporate cases, and $8,376.69 Stock Purchase new money in the Forshee individual case brought into the three (3) related Chapter 11 Estates.

ARTICLE XII
IMPLEMENTATION OF THE PLAN/DISBURSING AGENT

12.1 Vesting of the Property of the Estate. On the Effective Date, all property of the Debtor's estate, including any real and personal property interests, shall vest in the Plan Proponents, as the owners of the reorganized Debtor.

12.2 Funding of the Plan. The Plan Proponents' purchase under §363(b) or (l), offers (1) a possible resolution of the potential DEA civil penalties claimed against the two Cherokee locations, (2) provides for the commercial rehabilitation of the two devalued pharmacy operations, and (3) salvages the Cherokee Pharmacy brand. The Dividend Settlement Pool funds are verified and able to be tendered as quickly as resolution of the case is moved to the foreground. This

involves [1] achieving an approved expedited sale under §363(b) or (l), and [2] continuing to operate under the existing Power of Attorney until the DEA issues new licenses to Dr. Jonathan Marquess at each of the Cherokee locations. The funding of the Plan treatments as proposed are to be provided at confirmation (30 days after the Effective Date) and paid from the Dividend Settlement Pool.

Plan Proponents, as the providers of the funding for the Asset Sale of the two Cherokee Pharmacy corporate cases, and the Forshee individual case, accomplishes the following:

(1) retains viable post-petition outcomes for secured creditors at 100% recovery under the terms of specific loans and agreements;

(2) assumes all executory contracts and leases under existing terms and conditions or under agreed upon modifications of terms and conditions;

(3) makes satisfactory provisions and payments of 100% of the Priority Tax claims;

(4) retires up to 100% of Judgment Creditor J.M. Smith d/b/a Smith Drug Co's judgment claims in the three cases;

(5) pays the general unsecured creditors in the three cases up to 100% of their approved claims; depending on the outcome of the DEA negotiations in the two Cherokee Pharmacy corporate cases;

(6) offers a possible vehicle to resolve the potential DEA civil penalties as claimed in the three cases;

(7) provides a funded budget for administrative expenses and U.S. Trustee fees in the three cases that may prove sufficient in the three cases;

(8) offers a strategic plan for <u>immediate</u> interim funding for the two Cherokee Pharmacy operations leading to the commercial rehabilitation of the two devalued pharmacy

operations, and

(9) salvages the Cherokee Pharmacy brand and its legacy reputation by confirming Plan Proponents' three Plans.

12.2.1 Dr. Marquess has overseen the operations of the Dalton store since January 2017, and believes it is economically feasible to restore the Cherokee brand in the Cleveland and Dalton marketplaces by purchasing the Assets of both Cherokee pharmacies for the aggregated purchase price of $2,247,547.75. Plan Proponents are agreeing to pay the remaining balance of $1,647,547.75, after crediting the aggregate amount of $600,000.00 paid on February 5, 2017, in the partial consummation of the purchase of the businesses, which such amount represented the at cost value of the inventory.

12.2.2 The Dividend Settlement Pool funds are verified and able to be tendered as quickly as resolution of the case is moved to the foreground. This involves [1] achieving an approved expedited sale under §363(b) or (l), and [2] continuing to operate under the existing Power of Attorney until the DEA issues new licenses to Dr. Jonathan Marquess at each of the Cherokee locations. The funding of the Plan treatments as proposed are to be provided at confirmation (30 days after the Effective Date) and paid from the Dividend Settlement Pool.

12.3 Disbursing Agent. The Chapter 11 Trustee shall make the distributions contemplated under the Plan in association with Tracy C. Wooden and Ronald Lewis, Attorneys for the Plan Proponents or the Plan Proponents directly, as the Disbursing Agents. Plan Proponents, as the owners of the reorganized Debtor will continue to invest in the Cherokee Cleveland pharmacy by funding the Plan thirty (30) days after the Effective Date and continue to fund the Dalton location's post-confirmation operations and expansion plans.

12.4 Disputed Claims. Any and all objections to any Claim must be filed by the date specified by the Bankruptcy Court. The Chapter 11 Trustee may settle any Claim Objection by

providing notice to the Notice Parties of the settlement agreement. If (i) the Notice Parties indicate their approval or (ii) the Notice Parties do not provide the Chapter 11 Trustee with written notice of an objection to the respective settlement agreement within seven (7) days after the date such notice is received by the Notice Parties, the Chapter 11 Trustee shall be authorized to accept and consummate the settlement agreement and record an Allowed Claim in the settled amount. If the Chapter 11 Trustee receives any notices of objections to a settlement, then the Chapter 11 Trustee will set the proposed settlement for hearing before the Bankruptcy Court and will provide the appropriate notice to the Notice Parties.

12.5 Unclaimed Distributions. If any distribution to a holder of an Allowed Claim pursuant to the Plan remains unclaimed for a period of ninety (90) days after such distribution has been allocated to the holder entitled thereto, the Allowed amount of the Claim upon which such distribution was made shall be canceled and not be entitled to any further distributions hereunder. A distribution of funds is unclaimed if, without limitation, the holder of a Claim entitled thereto does not cash a check or returns a check or if the check mailed to the holder at the address in the Schedules or Amended Schedules or set forth in any proof of claim filed by such holder is returned by the United States Postal Service or any other country's postal service as undeliverable. Any such unclaimed distributions shall be forfeited by the holder and be re-deposited into the Reorganized Debtor's accounts pursuant to Section 347(b) of the Bankruptcy Code.

12.6 Determination of Tax Liability. The Debtor reserves the right to seek the determination of any tax liabilities pursuant to Section 505 of the Bankruptcy Code. Debtor may have tax liabilities.

12.7 Application of Funds. The Plan treatments proposed are to be provided at confirmation (30 days after the Effective Date) and paid from the Dividend Settlement Pool by the Plan Proponents conditioned upon approval of the proposed §363(b) or (l) sale and applied according

to the Class schedules provided (subject to Court approval). In the event there is an expedited sale prior to confirmation, the funds will be applied at such time accordingly. Due to the Cherokee corporations' (Cleveland and Dalton) shareholders, David Terry Forshee and Angela Forshee's, inability to deliver the Cherokee corporations to Plan Proponents' (Purchasers Jonathon G. Marquess and Pamela S. Marquess) free and clear of encumbrances under the terms of the January 17, 2017 Cherokee Stock Purchase Agreement, the Plan Proponents request the Court to approve an Asset Sale in Cherokee Cleveland and Cherokee Dalton corporate cases, by way of the proposed §363(b) or (l) sale, having the Purchasers emerge as the successors shareholder and owners of the two Cherokee corporation by way of a Stock Purchase in the Forshee individual case.

ARTICLE XIII
FINANCIAL INORMATION

To the best of Plan Proponents knowledge, Debtor has filed, or knew was required to file, Monthly Operating Reports with the Court which reflect the monthly income and expenses of the Debtor. Those reports are available on the Court Docket or by request to the Chapter 11 Trustee.

ARTICLE XIV
MANAGEMENT – COMPENSATION

During the pendency of the Chapter 11 proceeding, the affairs of the Debtor have been managed by the Debtor, and his non-filing spouse. Purchaser and Plan Proponent, Jonathan G. Marquess assisted with operating Debtor's pharmacies under the limited authority granted under the aforementioned Power of Attorney. To the Plan Proponents' knowledge, from November 7, 2017 forward, the Chapter 11 Trustee in the small business cases, and Plan Proponents presume the Chapter 11 Trustee of the Debtor, have visited both pharmacies and observed in-progress operations. The Plan Proponents have visited and worked in the pharmacies, receiving limited, if any, Management compensation. The managing pharmacists at each location received compensation consistent with pre-petition levels, and the Chapter 11 Trustee's compensation (both) is anticipated to be ordinary

and customary requiring Court approval.

ARTICLE XV
TREATMENT OF DISPUTED, CONTINGENT, AND UNLIQUIDATED CLAIMS

15.1 No Payment to Disputed Claims. Notwithstanding any other provision of the Plan, no cash or other property shall be distributed under the Plan on account of any Disputed Claim, whether or not such Claim is disputed in part only. If a settlement or understanding is reached where a disputed claim is resolved in whole or in part, such distribution shall occur as provided in the Plan.

15.2 Claims Objections. The Chapter 11 Trustee, or Plan Proponents shall file and serve objections to claims when and as required by Rule 3007-1(B), and such other of the Local Rules of the United States Bankruptcy Court for the Eastern District of Tennessee at Chattanooga, as applicable, or as provided for in any order from the Bankruptcy Court.

15.3 **Estimation Set Aside.** To expedite distributions pursuant to the Plan and avoid undue delay in the administration of the Chapter 11 Case, on request of the Chapter 11 Trustee, or the Plan Proponents as the Chapter 11 Trustee may determine, the Bankruptcy Court may estimate, pursuant to Section 502(c) of the Bankruptcy Code, the amount of any Disputed Claim for which funds are to be set aside.

15.4 Delivery of Distributions. Distributions and deliveries to holders of Allowed Claims shall be made at the address of each such holder as set forth on the proofs of Claim filed by such holders in the space on such proof of Claim identifying the name and address where notices shall be sent (or the last known addresses of such holders if no proof of Claim is filed or if the Chapter 11 Trustee has been notified in writing of a change of address), except as otherwise provided in this Plan. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall

be made unless and until the Chapter 11 Trustee, is notified in writing by such holder within six months from the date of the mailing of the undeliverable distribution of such holder's then current address, at which time any missed distributions shall be made to such holder without interest.

15.5 Undeliverable Distributions. With respect to distributions found to be undeliverable, these shall be returned to the Chapter 11 Trustee, or Plan Proponents as the Chapter 11 Trustee may determine, until such distributions are claimed. All claims for undeliverable distributions shall be made within six months of the date of such distribution. Any amounts in respect of undeliverable distributions which remain unclaimed after such six-month period shall be forfeited to the Chapter 11 Trustee or Plan Proponents as the Chapter 11 Trustee may determine and shall be made available for distribution to other Creditors.

15.6 Professional Fees and Expenses. Each Entity requesting compensation in Chapter 11 Cases pursuant to Section 330 of the Bankruptcy Code shall file an application for allowance of final compensation and reimbursement of expenses before the 45th day after the Confirmation Date or within such time as the Bankruptcy Court shall order. Objections to applications may be filed on or before the 15th day after such application is filed. Each person retained by the Debtor, Chapter 11 Trustee, and the Plan Proponents to perform legal, accounting, consulting or advisory services for the Debtor post-confirmation shall be paid for such services in accordance with arrangements made by such person and the Debtor, Chapter 11 Trustee, and the Plan Proponents, respectfully.

15.7 Claims Based Upon Rejection of Executory Contracts or Unexpired Leases. Pursuant to the Plan, and Local Bankruptcy Rule 3003-1(C), all Proofs of Claim with respect to Claims arising from the rejection of executory contracts or unexpired leases rejected as of the Confirmation Date must be filed within 30 days after the later of the date of the entry of the Confirmation Order or an order of the Bankruptcy Court approving such rejection. Although the Plan provides that any Claims arising from the rejection of an executory contract or unexpired lease not

filed within such times will be forever barred unless otherwise ordered by the Bankruptcy Court, no rejection of executory contracts or unexpired leases is contemplated in this case. All such rejection Claims for which Proofs of Claim are required to be filed will be deemed general Unsecured Claims to the extent ultimately allowed.

15.8 Lawsuits Reserved. The Debtor has no post-petition cause of action contemplated or threatened and reserves the option to undertake an action should such an action arise.

15.9 Voidable Transfers. To the best of Plan Proponents' knowledge, there was no transfer of assets (property or money) made by the Debtor prior to filing of the case. However, the Plan Proponents have not received any accounting of where the Debtor and non-filing spouse applied the $600,000 paid to them on January 17th, 2017.

15.10 Non-Bankruptcy Litigation. To the best of Plan Proponents' knowledge, other than the Smith Drug Company Jury Verdict appeal, there is no non-bankruptcy litigation in this case.

15.11 Impairment Controversies. If a controversy arises as to whether any Claim, or any class of Claims, is impaired under the Plan, the Bankruptcy Court shall determine such controversy.

ARTICLE XVI
SOLICITATION OF VOTES

The Plan Proponents are soliciting acceptances from the Creditors holding Claims in classes entitled to vote for or against confirmation of the Plan.

16.1 Eligibility. Any Creditor whose Claim is objected to prior to the date the Ballots are due is not eligible to vote to accept or reject the Plan unless the objection is resolved, or after notice and a hearing pursuant to Bankruptcy Rule 3018(a), the Bankruptcy Court allows the Claim temporarily for the purpose of voting. Any Creditor whose claim is objected to that wants its Claim

to be allowed temporarily for the purpose of voting must take steps necessary to arrange an appropriate hearing with the Bankruptcy Court.

16.2 Multiple Claims. Some Creditors may hold Claims in more than one impaired class. These Creditors must vote separately for each class (in accordance with the records of the Clerk of the Court) and should complete and sign each Ballot received.

16.3 Ballots. In voting for or against the Plan, please only use the Ballot or Ballots sent to you with this Disclosure Statement. You may receive more than one Ballot, and if you do, you should assume that each Ballot is for a Claim in a different class in which you are entitled to vote. Votes cast to accept or reject the Plan will be counted by the class. You are not required to vote all of your Claims in different classes the same way. However, you are required to vote all of your Claims within a class the same way. Please read the voting instructions contained within the Ballot for a thorough explanation of voting procedures applicable to your Claim.

16.4 Voting Procedure. To vote on the Plan, you must: (1) indicate on the Ballot that (a) you accept the Plan or reject the Plan; and (2) sign your name and mail the Ballot in the envelope provided for this purpose. Please complete and return each Ballot you receive to the Clerk. Any executed Ballot that does not indicate acceptance or rejection of the Plan will be disregarded. Put your taxpayer identification number (or social security number) on your Ballot where indicated. PLEASE CAREFULLY FOLLOW THE INSTRUCTIONS CONTAINED ON THE BALLOT.

16.5 Change of Vote. You may not change your vote after it is cast unless the Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit a change. **Do not return any certificates or instruments evidencing your Claim with the Ballot.**

16.6 Ballot Not Received. If you believe that you are a member of a voting class for which you did not receive a Ballot, or if your Ballot is damaged or lost, or if you have any questions concerning voting procedures, then please contact the following in writing:

Douglas R. Johnson Chapter 11 Trustee CASE NO. 17-11920-NWW Johnson & Mulroony, PC 428 Mc Callie Ave Chattanooga, TN 37402 djohnson@johnsonmulroony.com Phone: (423) 266-2300	With a Copies to:	
	LEWIS AND THOMAS, L.L.P. Ronald Lewis, Esq. Counsel for Plan Proponents 165 E. Palmetto Park Road 2nd Floor Boca Raton, Florida 33432 (561) 368-7474 main (561) 368-0293 fax ron@lewisthomaslaw.com	WOODEN LAW FIRM, P.C. Tracy R. Wooden Counsel for Plan Proponents 730 Cherry Street, Suite B Chattanooga, TN 37402 Telephone (423) 756-9972 Facsimile (423) 756-9943 tracywooden@woodenlaw.com

16.7 Importance of Voting. Voting is important. Your failure to vote will leave to other Creditors, whose interests may not be the same as yours, the decision to accept or reject the Plan.

ARTICLE XVII
CONFIRMATION

17.1 Cramdown. At the Confirmation Hearing, the Bankruptcy Court shall confirm the Plan if all of the requirements of Section 1129(a) of the Bankruptcy Code are met, or alternatively pursuant to the "cramdown" provisions of Section 1129(b) of the Bankruptcy Code, if all of the requirements of Section 1129(a) except Subsection 1129(a)(8) are satisfied, and as to any rejecting class of impaired Claims or Interests, Section 1129(b) is satisfied. Two of the requirements of Section 1129(a) are known as the "best interest test" and the "feasibility test."

17.2 Best Interest Test. To meet the "best interest" test, a plan proponent must establish that each holder of a claim or interest that is impaired under the plan either has accepted the plan or will receive or retain under the plan in respect of its claim or interest, property of a value as of the effective date that is not less than the amount such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

17.3 Feasibility Test. To determine what creditors and holders of interests would receive if a Debtor were liquidated under Chapter 7, the Bankruptcy Court will first determine the dollar amount that would be generated from the liquidation of the assets and properties of the Debtor in the context of a Chapter 7 liquidation. The cash amount that would be available for satisfaction of claims and interests would consist of: (i) the proceeds resulting from the disposition of the Debtor's assets, (ii) the cash held by the Debtor on the petition date, and (iii) any interest earned on the investment thereof, minus the costs of the liquidation and any administrative expense claims and priority claims that may result from liquidation of the Debtor's assets in Chapter 7.

17.4 Cost of Trustee. A Chapter 7 trustee's costs of liquidating a Debtor under Chapter 7 would include the fees (in the nature of a commission) payable to a trustee in bankruptcy and the fees and expenses of any attorneys and other professionals engaged by such trustee, plus unpaid expenses incurred during the prior Chapter 11 case including compensation of attorneys and accountants.

17.5 Risk Factors and Additional Costs. In this Chapter 11 Case, the additional costs and expenses incurred by a trustee (or trustees) in a Chapter 7 liquidation would likely be substantial, including those associated with the trustee's need to obtain expertise in the particular assets to be liquidated and the background of all of the pending and anticipated litigation. Moreover, the potential loss of management knowledge of the institutional data underlying the prosecution of litigation that is pending or is to be filed would create a significant obstacle for recovery by a Chapter 7 trustee. The costs associated with these factors would be significant and would both delay the final disposition of the cases and would decrease the amounts that Allowed Claims would receive under the Plan. In addition, it is unlikely that the Chapter 7 trustee would undertake the kind of orderly liquidation of the outstanding accounts receivable as is contemplated by the Plan inasmuch as an orderly liquidation as contemplated by the Plan would require the Chapter 7 trustee to continue to operate the business

of the Debtor. This is something a trustee in Chapter 7 rarely does and would necessitate the prior permission of the United States trustee and the Bankruptcy Court. As a result, if straight liquidation in Chapter 7 occurred, the percentage recovery on accounts receivable will likely suffer substantially.

17.6 Subordination of Claims. Under Chapter 7, the Claims arising from the Chapter 7 administration of this case would be paid in full before proceeds would be paid to holders of Allowed Claims.

17.7 New Claims Bar Date. In addition, the Bankruptcy Code and Rules would permit the establishment of a new Claims Bar Date upon conversion. The reopening of the claims process would provide a second opportunity for additional potential Claims to be filed, claims that are now time-barred under Chapter 11. Additional costs of noticing, administration and analysis of these additional potential claims, which are now barred, would also be incurred.

17.8 Smaller Distribution. Consequently, the Plan Proponents' believe that under Chapter 7, Creditors would receive a smaller distribution than they would receive under the Plan. The Plan Proponents' Chapter 7 liquidation analysis is incomplete due lack of data.

17.9 Feasibility. Funds to be used to make cash payments under the Plan shall derive from the Buyer as prior disclosed. As demonstrated in the projected operating income and expenses budget, is not prepared due to lack of information. The Debtor's cash flow is negative post-filing and projected to be post-confirmation. Debtor is not performing or is underperforming under the obligations of the Plan, but Plan Proponents can turn the cash flow to positive post-confirmation.

ARTICLE XVIII
CONFIRMATION OF PLAN W/O NECESSARY ACCEPTANCES; CRAMDOWN

A COURT MAY CONFIRM A PLAN EVEN IF IT IS NOT ACCEPTED BY ALL IMPAIRED CLASSES IF THE PLAN HAS BEEN ACCEPTED BY AT LEAST ONE IMPAIRED CLASS OF CLAIMS AND THE PLAN MEETS THE "CRAMDOWN" REQUIREMENTS OF

SECTION 1129(b) OF THE BANKRUPTCY CODE. FOR A PLAN TO BE CRAMMED DOWN, THE COURT MUST FIND THAT THE PLAN IS "FAIR AND EQUITABLE" AND DOES NOT "DISCRIMINATE UNFAIRLY" WITH RESPECT TO EACH NON-ACCEPTING IMPAIRED CLASS OF CLAIMS OR INTERESTS. IF NECESSARY, THE PLAN PROPONENTS' INTEND TO REQUEST THE BANKRUPTCY COURT TO CONFIRM THE PLAN IN ACCORDANCE WITH THE "CRAMDOWN" PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE OR THE PLAN PROPONENTS WILL MODIFY THE PLAN SO THAT IT SATISFIES THE TERMS THEREOF.

18.1 No Unfair Discrimination; Fair and Equitable Test. A plan does not discriminate unfairly if no class receives more than it is entitled to receive under the Bankruptcy Code. The "fair and equitable" rule requires absolute priority in the payment of claims and interests with respect to the dissenting class or classes. The plan will be deemed "fair and equitable" with respect to creditors if: (i) creditors receive or retain under the plan property of a value equal to the amount of their allowed claims; or (ii) no holders of claims or interests that are junior to the claims of the creditors within the rejecting class receive any property under the plan on account of their junior claim or interest.

18.2 Absolute Priority Rule Revisited. The strict requirement of the allocation of full value to dissenting classes before junior classes can receive distribution is known as the "absolute priority rule". The Proponent's Plan: (i) has one (1) impaired class (Class 2). Certain creditors in this classes are contingent, unliquidated, disputed and objected, and are not entitled to vote without resolving these matters first. For example, Betts & Assoc, Proof of Claim #4, filed 08/24/2017, in the amount of $256,000, due under pre-petition legal fees, is allocated amongst the two Cherokee cases (1:17-bk-11919 Dalton, and 1:17-bk-11920 Cleveland) and the David Terry Forshee individual case (1:17-bk-11918). The Plan treatment is a reduced computation under the three allocations. No other Claims and Equity Interests are impaired, and no creditor or equity interests have legal rights

intertwined; and (ii) no class of Claims will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims in such a class. Accordingly, the Debtor, Plan Proponents' does not discriminate unfairly as to any impaired class either by proposed treatment or settlement agreement.

ARTICLE XIX
EFFECT OF CONFIRMATION

19.1 Binding Effect of Confirmation. Confirmation of the Plan will legally bind the Debtor, Plan Proponents, all Creditors, holders of Equity Interests and other parties in interest to the provisions of the Plan whether or not the Creditor or Equity Interest holder is impaired under the Plan and whether or not such Creditor or Equity Interest holder has accepted the Plan.

Upon the Effective Date, and after the Debtor, Plan Proponents have received a discharge upon completion of all payments under the Plan, the Reorganized Debtor will be discharged, pursuant to Section 1141 (d)(1) of the Bankruptcy Code, from all Claims and debts that arose before the Effective Date of this Plan and from any liability of any kind whether or not: (a) a proof of claim is filed or deemed to be filed under Section 501 of the Bankruptcy Code; (b) such Claim is allowed under Section 502 of the Bankruptcy Code; or (c) the holder of such Claim has accepted the Plan.

On the Effective Date and after the Debtor, Plan Proponents has received a discharge upon completion of all payments under the Plan, as to every discharged debt and Claim, the Creditor that held such debt or Claim will be permanently barred from asserting against the Reorganized Debtor, Plan Proponents, or against the Reorganized Debtor, Plan Proponents' assets or properties, any other or further Claim based upon any document, instrument or act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

As of the Effective Date, all persons who have held, hold or may hold Claims

against the Debtor, will be enjoined from taking any of the following actions or affecting the Reorganized Debtor, the Debtor's estate, the assets or properties of the Reorganized Debtor (other than actions brought to enforce any rights or obligations under the Plan or appeals, if any, from the Confirmation Order):

(a) Against the filing, commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor and/or Insiders, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or successor except as specifically authorized in the Plan;

(b) Enforcing, levying, attaching (including without limitation, any pre-judgment attachment), collecting or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree or other Order against the Debtor and/or Insiders, with respect to any property of any of the foregoing or any of the direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or property or any such transferee or successor except as specifically authorized in the Plan.

(c) Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any liens or encumbrances against the Debtor and/or Insiders, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or successor except as specifically authorized in the Plan;

(d) Setting off, seeking reimbursement or contribution from or subrogation

against or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to the Debtor and/or Insiders, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing except as specifically authorized in the Plan;

(e) Or, proceeding in any manner and any place with regard to liquidating any Claim in any forum other than the United States Bankruptcy Court for the Eastern District of Tennessee at Chattanooga, or, if that Court does not have jurisdiction thereon, in the United States District Court for the for the Eastern District of Tennessee, or in such forum deemed appropriate by the Debtor or Plan Proponent.

19.2 Good Faith. Confirmation of the Plan shall constitute a finding that the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code.

ARTICLE XX
TAX ANALYSIS

20.1 THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO HOLDERS OF CLAIMS AGAINST THE DEBTOR BUT IS NOT A COMPLETE DISCUSSION OF ALL SUCH CONSEQUENCES. CERTAIN OF THE CONSEQUENCES DESCRIBED BELOW ARE SUBJECT TO SUBSTANTIAL UNCERTAINTY DUE TO THE UNSETTLED STATE OF THE TAX LAW GOVERNING BANKRUPTCY REORGANIZATIONS. NO RULINGS HAVE BEEN OR WILL BE REQUESTED FROM THE INTERNAL REVENUE SERVICE (THE "IRS") WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN.

FURTHER, THE TAX CONSEQUENCES OF THE PLAN TO THE HOLDERS OF CLAIMS AGAINST THE DEBTOR MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. IN ADDITION, THERE MAY BE STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE PLAN APPLICABLE TO

PARTICULAR HOLDERS OF CLAIMS OR INTERESTS, NONE OF WHICH ARE DISCUSSED BELOW. THEREFORE, THE FOLLOWING SUMMARY IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM, AND YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISORS CONCERNING THE INDIVIDUAL TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING STATE, LOCAL AND FOREIGN TAX CONSEQUENCES.

20.2 A portion of the consideration received pursuant to the Plan in payment of a Claim may be allocated to unpaid interest, and the remainder of the consideration will be allocated to the principal amount of the Claim. The tax consequences of the consideration allocable to the portion of a Claim related to interest differ from the tax consequences of the consideration allocable to the portion of a Claim related to principal. Holders of Claims will recognize ordinary income to the extent that any consideration received pursuant to the Plan is allocable to interest, and such income has not already been included in such Creditor's taxable income. The determination as to what portion of the consideration received will be allocated to interest is unclear, and may be affected by, among other things, rules in the Internal Revenue Code (the "Tax Code") relating to original issue discount and accrued market discount. Holders of Claims should consult their own tax advisors as to the amount of any consideration received under the Plan that will be allocated to interest. If amounts allocable to interest are less than amounts previously included in the Creditor's taxable income, the difference will result in a loss. Any amount not allocable to interest will be allocated to the principal amount of the Claim paid pursuant to the Plan, and will be treated as discussed below.

20.3 Creditors receiving Cash generally will recognize gain or loss on the exchange equal to the difference between its basis in the Claim and the amount of Cash received that is not allocable to interest. The character of any recognized gain or loss will depend upon the status of the Creditor,

the nature of the Claim in its hands and the holding period of such Claim. If a Creditor has treated a Claim as wholly or partially worthless and been allowed a bad debt deduction, the Creditor will include the amount of Cash received in income to the extent such Cash exceeds the Creditor's remaining tax basis in the Claim.

20.4 Creditors may be entitled to installment sales treatment or other deferral with respect to the distribution received after the Effective Date. Creditors may already have claimed partial bad debt deductions with respect to their Claims.

The IRS may take the position that holders of Allowed Claims cannot claim an otherwise allowable further loss in the year in which their Claim is allowed because they could receive further distributions. Thus, a Creditor could be prevented from recognizing a loss until the time when its Claim has been liquidated and distributions have been completed. If a Creditor is permitted to recognize a loss in the year of the Effective Date by treating the transaction as a "closed transaction" at such time, it may recognize income on any subsequent distribution.

20.5 In making distributions pursuant to the Plan, the Plan Proponent will comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities. All distributions pursuant to the Plan will be subject to all applicable withholding and reporting requirements.

ARTICLE XXI
ALTERNATIVES TO CONFIRMATION, CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the only reasonable alternative is the liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. If the Chapter 11 Case is converted to a case under Chapter 7 of the Bankruptcy Code, a Chapter 7 trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. The Plan Proponents' analysis of the probable recovery to

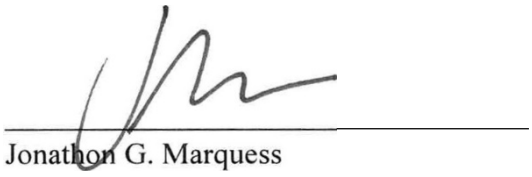
Creditors and holders of Equity Interests under Chapter 7 is presented in the foregoing discussion supporting the "best interest" test.

ARTICLE XXII
CONCLUSION AND RECOMMENDATION

The Plan Proponents put forth their Disclosure Statement and Plan and urge Creditors entitled to vote to accept the Plan and to evidence such acceptance by timely and properly returning their Ballots so indicating. Under the approved Plan, all creditors will receive payment of their claims to the greatest extent allowable under the Bankruptcy Code, and the expense of administering an Estate under Chapter 7 will be avoided. The Plan Proponents affirm their belief that administration of this Estate as provided herein will ultimately provide each creditor the maximum payment available on their claims.

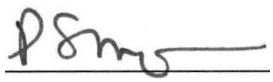
Dated: March 16, 2018

PLAN PROPONENTS



Jonathon G. Marquess

Date: March 16, 2018



Pamela S. Marquess

Dated: March 16, 2018

COUNSEL

I HEREBY CERTIFY that I am admitted to the Bar of the United States District Court for the Southern District of Florida, and I am in compliance with the additional qualifications to practice in this Court, by way of *Ex Parte* Motion to Appear *pro hac vice* Filed by Ronald B. Lewis on behalf of Interested Party Jonathan Marquess (Plan Proponents), Entered: 11/01/2017 as [DE #136]. Order Granting Motion by Ronald B. Lewis To Appear *pro hac vice* was entered 11/02/2017 [(DE #137].

LEWIS AND THOMAS, L.L.P.
Attorneys for Debtor
165 E. Palmetto Park Road
2nd Floor
Boca Raton, Florida 33432
(561) 368-7474 main
(561) 368-0293 fax

Date: March 16, 2018

By: ___/s/_____
RONALD LEWIS ESQ.
Florida Bar No. 807958

WOODEN LAW FIRM, P.C.

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By: ___/s/_____
TRACY C. WOODSON (BPR #14169)

Date: March 16, 2018

EXHIBIT A **LIQUIDATION ANALYSIS**	
Cherokee Pharmacy & Medical Supply of Dalton, Inc.	**CASE NO. 17-11919-NWW**

The Liquidation Analysis offers alternatives to confirmation; including risk sensitivities and analysis of the alternatives.

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. The following spreadsheet offers the comparison between accepting the Plan and the alternative of liquidation of the Debtor.

In the event the accompanying Plan, or any of its modifications or amendments, is not accepted by the holders of Approved Claims and Allowed Interests in the impaired classes or otherwise confirmed by the Court under the Cramdown provisions of Section 1129(b) of the Bankruptcy Code, the Plan Proponent believes that the Debtor's case would be dismissed or converted to a case under Chapter 7.

In such event, the Chapter 11 Trustee would be likely be appointed as Chapter 7 Trustee, and the Debtor's assets would be liquidated for distribution to creditors. Since the Debtor has limited assets beyond its stock in trade and leasehold improvements; which are subject to secured creditor levy, remaining creditors would realize less than the proposed distributions offered in the Plan Proponents' Plan of Reorganization in a liquidation.

In a liquidation, the unsecured creditors would not be entitled to any of the equity from the sale of the real property or personal property as a forced sale would predictably erode the projected

equity value of the Estate assets and personal property. Accordingly, in a Chapter 7 Bankruptcy, the unsecured creditors would likely receive far less, if any, distribution.

The Plan Proponents are confident that the proposed Plan, and its creditor treatments, offer a superior outcome to Liquidation. As offered in the following Liquidation Analysis; regardless of the yield a liquidation sale may conclude, would not exceed the approximate 100% Plan treatments as proposed.

NOTE:

Plan Proponents have insufficient information to complete its Liquidation Analysis at this time. When sufficient information is assembled, this Exhibit A will be completed accordingly. The Plan Proponents anticipate a preliminary Liquidation Analysis will be added to its Disclosure Statement in the extreme near-term.

EXHIBIT A
CLASSES OF CREDITORS, SCHEDULE OF CLAIMS, AND PLAN TREATMENTS

Cherokee Pharmacy & Medical Supply of Dalton, Inc. **Case No.** 1:17-bk-11920-NWW

Priority Tax Claims

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	POC #3-2 05/25/2017 11691955	Internal Revenue Service PO Box 7346 Philadelphia, PA 19101	No	No	$3,595.60	Amount Verified at Confirmation (Paid in Full on Effective Date)

Priority Unsecured – Pre/Post-Petition Suppliers of Goods

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	POC #6 08/25/2017 11816608 Priority Unsecured	McKesson Corporation Attn: John Crumrine 2975 Evergreen Drive Duluth GA 30096	No	No	***Total Priority:*** $47,061.27	Paid @ 100% = $47,061.27

Class 1 – Judgment Creditor - Secured by Real Property

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	Class 2 POC #5 8/24/2017 11691956	J.M. Smith Corp d/b/a Smith Drug Co c/o James Haltom & Shane Ramsey 150 Fourth Avenue, North Suite 1100 Nashville, TN 37219	No	Yes	$151,247.58 Judgment	
		Judgement amount against Mr. Forshee: Judgement amount Forshee-Carder Pharmacies: Combined: [1] Secured, Subordinate to the Mortgage on the Cherokee Cleveland Location Real Estate: United Community Bank (Claim 10-1) Promissory Note; Deed of Trust; Security Deed; 1690 25th Street NW, Cleveland, TN and 192 Scandia Circle, Athens, GA [2] Approximate Proceeds Applied from Sale of Real Property to Plan Proponents (if it occurs)			$493,811.97 96,854.27 --- $590,666.24 [1]	
		Payable in this case no: 1:17-bk-11920-NWW			$590,666.24	
		Payable in case no: 1:17-bk-11919-NWW				$485,495.28
		Total payable in above 2 cases:				
		Unrelated, Not Joint and Several with Debtor or Cherokee Cleveland: Cherokee Dalton: Payable in case no: 1:17-bk-11919-NWW				151,247.58
					$590,666.24	$636,742,86
		Total payable in above 3 cases (48% aggregated):				$741,913.82

Class 2 – General Unsecured Creditors – Page 1

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	Class 2 POC #1 05/08/2017 11699016	FFF Enterprises Inc 41093 County Center Drive Temecula, CA 92591-6025	No	Yes	$562.42	
2	Class 2 POC #2 05/18/2017 11711786	American Express Bank, FSB c/o Becket and Lee LLP PO Box 3001 Malvern PA 19355-0701	No	Yes	$2,456.85	
3	Class 2 No POC	Accident Fund Insurance Co 200 N. Grand Ave. PO Box 40790 Lansing, MI 48901-7990	No	Yes	$195.75	
4	Class 2 No POC	American Express PO Box 981537 El Paso, TX 79998	No	Yes	$844.74	
5	Class 2 No POC	Blue Cross Blue Shield TN 1 Cameron Cir Attn: Bankruptcy Department Chattanooga, TN 37402	No	Yes	$1.00	
6	Class 2 No POC	Classic City Roasters, Inc. Jittery Joes 1480 Baxter St Suite C Athens, GA 30606	No	Yes	$1.00	
7	Class 2 No POC	Cleveland Business Machines 3142 Frazier Park Dr Cleveland, TN 37323	No	Yes	$162.69	
8	Class 2 No POC	Emporos Systems Corp 8514 McAlpine Park Drive Charlotte, NC 28211	No	Yes	$884.15	
9	Class 2 No POC	First Citizens Bank PO Box 370 Dyersburg, TN 38025	No	Yes	$150.00	

10	Class 2 No POC	Harting, Bishop & Arrendale, PLLC 1040 William Way NW Cleveland, TN 37312	No	Yes	$814.56	

Class 2 – General Unsecured Creditors – Page 2.

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
9	Class 2 No POC	First Citizens Bank PO Box 370 Dyersburg, TN 38025	No	Yes	$150.00	
10	Class 2 No POC	Harting, Bishop & Arrendale, PLLC 1040 William Way NW Cleveland, TN 37312	No	Yes	$814.56	
11	Class 2 POC #6 8/25/2017 11816608	McKesson Corporation Attn: John Crumrine 2975 Evergreen Drive Duluth GA 30096	No	Yes	$56,664.67	
12	Class 2 No POC	Parata 2600 Meridian Pkwy Durham, NC 27713	No	Yes	$1.00	
13	Class 2 No POC	Principal Financial Attn: Law Department 711 High Street Des Moines, IA 50392-0300	No	Yes	$1.00	
14	Class 2 No POC	RelayHealth P.O. Box 742532 Atlanta, GA 30374-2532	No	Yes	$1.00	
15	Class 2 No POC	Rx Net 8325 B Monticello Road Shawnee, KS 66227	No	Yes	$115.00	
16	Class 2 No POC	Transaction Data Services Inc. P.O. Box 79047 Baltimore, MD 21279-0047	No	Yes	$1.00	
17	Class 2 No POC	Tri-State Distributors PO Box 559 Royston, GA 30662	No	Yes	$224.36	

18	Class 2 No POC	Tritex Services P.O. Box 962 Trenton, GA 30752	No	Yes	$1.00	
19	Class 2 No POC	United Community Bank (1004) PO Box 3150 Cleveland, TN 37320	No	Yes	$1,000.00	

Class 2 – General Unsecured Creditors – Disputed

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
20	Class 2 No POC	WCLE-104.1 FM 1860 Executive Park Pl NW # E Cleveland, TN 37312	No	Yes	$500.00	
21	Class 2 No POC	Wheeler Electronics Inc. P.O. Box 1018 Cleveland, TN 37364	No	Yes	1.00	
22	Class 2 No POC	YP 2247 Northlake Parkway Tucker, GA 30084	No	Yes	$194.88	
23	Class 2 No Proof of Claim	Anda 2915 Weston Road Weston, FL 33331	No	Yes	$121,677.99 Scheduled in error in this case	
24	Class POC #4 08/24/2017 11814746	Betts and Associates 44 Broad Street, NW Suite 200 Atlanta, GA 30303	Yes	Yes	$256,000.00	
	Class 2			Total:	**$216,025.65**	

Class 2 – General Unsecured Creditors – Regulatory Disputed

Cherokee Dalton

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
25	Class 2 Proof of Claim 8-1 10/25/2017	Civil Penalty Action; potential for 627 separate violations, with potential civil penalties of $9,000,000.00	No	Yes	$9,000,000.00 (Unsecured)	Contingent, Unliquidated, Disputed, and Objected

	Daniel R. Salter, Assistant Special Agent in Change/Acting SAC, for Special Agent in Charge (SAC) U.S. Drug Enforcement Administration Atlanta Field Division 800 Richard Russell Building 75 Ted Turner Drive, SW Atlanta, GA 30303 tonya.crowley@usdoj.gov 404-893-7000				U.S. DEA c/o AUSA M. Kent Anderson 1110 Market Street, Suite 515 Chattanooga, TN 37402 423.385-1329 kent.anderson@usdoj.gov

Executory Contracts and Leases

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	Class 1 No Proof of Claim	Dr. Church c/o Coldwell Banker 704 S. Thornton Ave Dalton, GA 30720	No	No	$5,697.94 Monthly Rent	Current to be assumed or re-written
2	Class 1 No Proof of Claim	Kirby Lester Financial Services 13700 Irma Lee Court Lake Forest, IL 60045	No	No	Total Estimated: $10,200.40	Amount verified to be paid under current terms
3	Class 1 No Proof of Claim	Line of Credit on Financial Statement - Unknown Source	Unknown	Unknown	$16,652.44	Amount verified to be paid under current LOC terms
				Total:	**$26,852.84**	

DEA Civil Penalty Action in Related Cases
For Reference and Information Purposes

Cherokee Cleveland

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	Proof of Claim 20-1 10/25/2017	Civil Penalty Action; potential for 37 separate violations, with potential civil penalties of $536,574.00	No	Yes	$536,574.00 (Unsecured)	*For reference purposes from Cherokee Cleveland Case:* Contingent, Unliquidated, Disputed, and Objected U.S. DEA c/o AUSA M. Kent Anderson 1110 Market Street, Suite 515 Chattanooga, TN 37402 423.385-1329 kent.anderson@usdoj.gov
	Daniel R. Salter, Assistant Special Agent in Change/Acting SAC, for Special Agent in Charge (SAC) U.S. Drug Enforcement Administration Atlanta Field Division 800 Richard Russell Building 75 Ted Turner Drive, SW Atlanta, GA 30303 tonya.crowley@usdoj.gov 404-893-7000					

David Terry Forshee

No.	Creditor Class	Description	Insider? Yes or No	Impaired	Amount Claimed	Allowed Amount and Treatment
1	Proof of Claim 16-1 10/25/2017	Civil Penalty Action; potential for 627 separate violations, with potential civil penalties of $9,000,000.00, and	No	Yes	$9,000,000.00 (Unsecured)	*For reference purposes from David Terry Forshee Case:* Contingent, Unliquidated, Disputed, and Objected U.S. DEA
		Civil Penalty Action; potential for 37 separate violations, with potential civil penalties of $536,574.00	No	Yes	$536,574.00 (Unsecured)	
					Total:	

	Daniel R. Salter, Assistant Special Agent in Change/Acting SAC, for Special Agent in Charge (SAC) U.S. Drug Enforcement Administration Atlanta Field Division 800 Richard Russell Building 75 Ted Turner Drive, SW Atlanta, GA 30303 tonya.crowley@usdoj.gov 404-893-7000			$9,536,574.00 (Unsecured)	c/o AUSA M. Kent Anderson 1110 Market Street, Suite 515 Chattanooga, TN 37402 423.385-1329 kent.anderson@usdoj.gov

EXHIBIT C
POST-PETITON BUDGET

Cherokee Pharmacy & Medical Supply of Dalton, Inc. **Case No. 1:17-bk-11920-NWW**

NOTE:
Plan Proponents have insufficient information to complete a Post-Petition Budget at this time. When sufficient information is assembled, this *Exhibit C* will be completed accordingly.