

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE**

IN RE:)		
)	CHAPTER:	11
REEL AMUSEMENTS, LLC)	CASE NO.:	18-05883
)	JUDGE:	HARRISON
Debtor.)		
)		

**DISCLOSURE STATEMENT TO ACCOMPANY
DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION
DATED NOVEMBER 28, 2018**

I. INTRODUCTION

The Debtor, Reel Amusements, LLC, submits this Disclosure Statement for use in soliciting acceptance of the Debtor's Plan of Reorganization (the "Plan") dated November 28, 2018. A copy of the Plan is attached hereto. The purpose of this Disclosure Statement is to provide adequate information to creditors and parties in interest (hereinafter referred to as "Claimants") in the above Chapter 11 case, in order to enable Claimants to make an informed decision in exercising their rights under the Bankruptcy Code.

On August 31, 2018, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Since the filing of the petition, the Debtor has remained in possession of its property and operated its affairs as a Debtor in Possession. No Trustee has been appointed, nor has a committee of unsecured creditors been appointed.

Article II of the Plan contains definitions of certain terms. Where those terms are capitalized in this Disclosure Statement, they have the meaning set forth in Article II of the Plan.

II. DISCLAIMER

No representations concerning the Debtor, other than as set forth in this Disclosure Statement, are authorized by the Debtor. Any representations or inducements made to secure your acceptance other than as contained in this Disclosure Statement should not be relied upon by you in arriving at your decision.

The information contained in this Disclosure Statement is derived from the Debtor, and from other sources where indicated. The Debtor believes the information to be correct, however, it has not been independently verified in every instance, nor has it been subjected to a certified audit.

III. BACKGROUND

A. Pre-Bankruptcy

The Debtor was formed on or about September 20, 2002; it has always and continues to be engaged in the business of manufacturing and supplying games and related software in the video redemption industry. The Debtor purchases or leases parts from vendors and assembles gaming machines. The machines are then supplied to various “operators” or “site owners” (collectively, the “Operators”), and the Operators make the games available for their customers. The Debtor supplies and maintains the machines and the Operator provides the space and other services on location. The Debtor enters into a profit-sharing agreement with the Operators to generate revenue.

The Debtor is also in the business of developing new games for deployment to the Operators. The gaming industry requires regular, recurring, and ongoing upgrades to keep customers interested in the games, and thus generating income for the Debtor. The Debtor is engaged in such an upgrade process, which will allow it to provide the most up-to-date games to its Operators.

Over the course of the Debtor’s business, the Debtor borrowed funds from various lenders to purchase equipment and fund the development of various software programs. The borrowed funds caused a strain on the operations of the Debtor, and recently, the Debtor realized that its sizable debt load could not be fully repaid under contractual terms. Therefore, the Debtor elected to seek relief under Chapter 11 of the Bankruptcy Code.

B. Post-Bankruptcy

Immediately upon the commencement of this case, the Debtor employed undersigned counsel as its bankruptcy counsel for this Chapter 11 proceeding.

The Debtor filed several first-day motions, a bank account and cash management motion [Docket No. 5], and a cash collateral motion [Docket No. 4], both of which have been approved on an interim basis [See Docket Nos. 26, 30, 65, and 88]; the cash management motion was granted by entry of an Agreed Final Order at Docket No. 95; and the cash collateral motion was orally granted at a final hearing held on November 27, 2018 [See Agreed Order submitted at Docket No. 97]. The Debtor timely provided weekly reports to its first-priority, cash-collateral creditor, Pinnacle Bank, and subsequently to NBKC Bank and Seacoast National Bank, as required by the interim orders.

The Debtor filed motions to approve the employment of bankruptcy counsel, Niarhos & Waldron, PLC [Docket No. 9], and restructuring and business advisors, Tortola Advisors, LLC [Docket No. 8], both of which have been approved by the Court [See Docket Nos. 36 and 37, respectively, *See Also* Docket No. 84 - Revised Order Approving Employment of Tortola Advisors].

The Debtor filed a motion to approve employment of Donald L. Zachary as special counsel [Docket No. 66] to assist the Debtor with contract negotiations and trademark services. Mr. Zachary's employment was approved by the court on November 26, 2018 [Docket No. 94].

The Debtor filed a motion to set bar dates for filing proofs of claim, which was granted by the Court on October 12, 2018 [See Docket No. 60]. The deadline for filing proofs of claim against the Debtor is January 15, 2019 for non-governmental creditors. The Debtor filed timely Monthly Operating Reports for the months of September 2018 [Docket No. 54] and October 2018 [Docket No. 85].

The Debtor's owner attended the Initial Debtor's Conference at the Office of the United States Trustee on September 13, 2018, and the Meeting of Creditors on October 25, 2018. The Debtor now submits this Disclosure Statement to the creditors and the Court for approval.

IV. SUMMARY OF ASSETS

The Debtor's assets are listed on Schedule A/B of the Petition and are summarized as follows:

A. Real Property

The Debtor does not own any real property. The Debtor leases its principal place of business, 1522 Sarah Court, in Murfreesboro, Tennessee on a month-to-month basis. The market value of the Debtor's interest in this lease is believed to be zero dollars (\$0.00).

B. Cash

At the time of filing, the Debtor had cash in the amount of \$6,587.00 and bank accounts with a present value of \$255,577.53. In addition, the Debtor held accounts receivable with a collective balance of \$76,109.44 (not accounting for doubtful or uncollectable accounts), and conditional rights to security deposits totaling \$10,996.00. The cash, bank account balances, and accounts receivable are subject to the liens of Pinnacle Bank (first priority) and NBKC Bank and Seacoast National Bank (second priority).

C. Inventory and Equipment

The Debtor owns miscellaneous parts inventory and miscellaneous finished gaming machines. The miscellaneous inventory has an estimated a liquidation value of \$50,000.00. Additionally, the Debtor owns office equipment, furnishings, office supplies, and tools with a purchase cost of approximately \$25,300.00, the liquidation value is estimated to be twenty-five percent of the purchase price, which is \$6,325.00. All such property is subject to the blanket liens of Pinnacle Bank (first priority), and NBKC Bank and Seacoast National Bank (second priority).

The Debtor owns an interest in software (the "Sweepstakes Software") with an estimated value of \$35,000.00. The Sweepstakes Software is subject to the lien of Fifth Third Bank.

The Debtor owns five (5) vehicles as follows:

1. 2012 Isuzu Box Truck – estimated value: \$55,000.00;
2. 2012 Nissan Titan – estimated value: \$7,266.00;
3. 2012 Nissan Titan – estimated value: \$6,233.00;
4. 2015 Chevrolet Silverado – estimated value: \$32,000.00 – subject to the lien of Ally Financial [*See* ECF Claim No. 8]; and
5. 2017 Nissan Frontier – estimated value: \$21,000.00 – subject to the lien of Nissan Motor Acceptance Corporation [*See* ECF Claim No. 12].

The liquidation value of these vehicles, less secured liens, is approximately \$60,000.00.

The Debtor owns an enclosed trailer with an estimated value of \$3,500.00 and a forklift with an estimated value of \$4,500.00, both of which are subject to the liens of Pinnacle Bank and NBKC Bank and Seacoast National Bank.

The Debtor owns specific parts and complete games, which are detailed on Schedule A/B question 50. This inventory is subject to liens of various creditors as noted on Schedule D. The Debtor hired an independent third-party evaluator to determine the specific liquidation values, and, based on such values, each secured creditor is significantly undersecured. Therefore, none of this secured inventory adds to the net value of the bankruptcy estate.

D. Preferential and Fraudulent Transfers

Payments made by Debtor during the 90-day period (or one-year period for insiders) prior to the filing of this Chapter 11 case totaled approximately \$608,288.11, excluding payments aggregating less than \$6,425.00.

At this time, the Debtor believes a portion of these transfers may be recoverable preferences or fraudulent transfers that would be beneficial to the estate. The Debtor will continue the analysis of the transfers, and other potential preferences and fraudulent conveyances, and specifically reserves the right to pursue such actions.

E. Reservation of Causes of Action / Authority to Pursue and to Settle

The Plan retains and reserves all causes of action, including avoidance actions, for pursuit or abandonment by the Debtor after Confirmation, within its sole discretion.

As noted above, the Plan retains and reserves for pursuit by the Debtor all avoidance actions arising under Chapter 5 of the Bankruptcy Code. The terms of the Plan give the Debtor the widest possible latitude in deciding whether or not to pursue any possible cause of action, including without limitation any preference pursuant to Section 547, fraudulent transfer claims pursuant to Section 548, or any other avoidance action.

All creditors identified in the Debtor's Statement of Financial Affairs, filed in the Debtor's Chapter 11 Case, which lists all individuals or entities receiving payments from the Debtor in the

90 days (or one year if an insider) preceding the Petition Date, may be the defendant of an avoidance action or other cause of action if the total payments made to them exceeds \$6,425.00. Thus, they are the potential defendants of an avoidance action pursuant to Section 547 of the Bankruptcy Code.

All creditors identified in the Debtor's Statement of Financial Affairs, filed in the Debtor's Chapter 11 Case, which lists all entities receiving transfers outside the ordinary course of business or financial affairs of the Debtor within two years of the commencement of this bankruptcy case may be the defendant in an avoidance action or other cause of action. Thus, they are the potential defendants in an avoidance action pursuant to Section 548 of the Bankruptcy Code.

The identified claims in the Statement of Financial Affairs are not intended to be a complete list, and the Debtor may add to or amend the identified claims after Confirmation. The Plan reserves and retains any and all other causes of action regardless of whether they are specifically identified or referred to herein. Nothing contained in this Disclosure Statement or in the Plan shall have any preclusive effect against the Debtor (whether by waiver, admission, estoppel or otherwise) in any cause of action or proceeding that may exist or occur in the future. Each creditor and party in interest is advised to review closely the Plan, the Debtor's filed Schedules and Statement of Financial Affairs, and the creditor's prior dealings with the Debtor, to determine whether any cause of action or avoidance action may be pursued against it.

V. SUMMARY OF LIABILITIES

A. Secured Debt

IN THE EVENT ANY OF THE CLAIMANTS LISTED IN THIS ARTICLE V, SECTION A, FILE A PROOF OF CLAIM STATING THAT NO PART OF THE CLAIM IS SECURED, OR UPON AN OBJECTION TO A SECURED CLAIM WHEREIN AN ORDER OF THE COURT HOLDS A CLAIM TO BE UNSECURED, THEN THE CLAIM SHALL BE DEEMED ENTIRELY UNSECURED AND TREATED AS SUCH PURSUANT TO THE PLAN.

1. **Pinnacle Bank**. Pinnacle Bank has a consensual lien in all "inventory, chattel paper, accounts, equipment, and general intangibles" of the Debtor to secure a loan in the approximate amount of \$1,040,000.00. On the Petition Date, this claim was supported by approximately \$475,000.00 in assets. Therefore, the debt owed to Pinnacle Bank will be bifurcated under the Plan and treated as secured in the amount of \$475,000.00, and unsecured in the amount of \$565,000.00.

2. **Nissan Motor Acceptance Corporation**. Nissan Motor Acceptance Corporation ("NMAC") has a consensual lien in the Debtor's 2017 Nissan Frontier in the approximate amount of \$18,568.41 [See ECF Claim No. 12]. On the Petition Date, the value of the claim was fully supported by the collateral. Therefore, under the Plan, Claim No. 12 will be treated as fully secured in the amount of \$18,568.41.

3. **Ally Financial.** Ally Financial has a consensual lien in the Debtor's 2015 Chevrolet Silverado in the approximate amount of \$24,780.00 [See ECF Claim No. 8]. On the Petition Date, the value of the claim was fully supported by the collateral. Therefore, under the Plan, Claim No. 8 will be treated as fully secured in the amount of \$24,780.00.

4. **Fifth Third Bank.** Fifth Third Bank has a consensual lien in the Debtor's software, to secure an indebtedness in the approximate amount of \$110,212.84 as of the Petition Date [See Debtor's Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$35,000.00, and unsecured in the amount of \$75,212.84.

5. **NBKC Bank.** NBKC Bank has a consensual lien in the Debtor's accounts, equipment, fixtures, goods, software, computer hardware, etc. in the approximate amount of \$142,029.26 [See ECF Claim No. 10]. This claim is junior to Pinnacle Bank's claim, and it will be treated as secured in the amount of zero dollars and unsecured in the amount of \$142,029.26.

6. **Seacoast National Bank.** Seacoast National Bank has a consensual lien in the Debtor's accounts, equipment, fixtures, goods, software, computer hardware, etc. in the approximate amount of \$142,029.26 [See ECF Claim No. 11]. This claim is junior to Pinnacle Bank's claim, and it will be treated as secured in the amount of zero dollars and unsecured in the amount of \$142,029.26.

7. **US Bank.** US Bank has a consensual lien in the Debtor's specific equipment, summarized as thirty-six (36) of each of the following: printers, monitors, motherboards with accessories, in the approximate amount of \$207,920.25 [See ECF Claim No. 9]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$35,000.00, and unsecured in the amount of \$172,920.25.

8. **Alliance Funding.** Alliance Funding has a consensual lien in the Debtor's specific equipment, summarized as six (6) video game units, in the approximate amount of \$12,370.02 [See Debtor's Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$3,000.00, and unsecured in the amount of \$9,370.02.

9. **Leaf Capital.** Leaf Capital has two (2) consensual liens in the Debtor's specific equipment as follows:

- a. The first loan's collateral can be summarized as three (3) servicing agreements, six (6) monitors, twenty (20) battery backups, and eighteen (18) printers. On the Petition Date, this loan had a balance in the approximate amount of \$152,803.25 [See Debtor's Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$10,000.00, and unsecured in the amount of \$142,803.25.
- b. The second loan's collateral can be summarized as fourteen (14) of each of the following: printers, monitors, and motherboards with accessories. On the Petition Date, this loan had a balance in the approximate amount of \$91,109.07 [See Debtor's Schedules]. This claim will be bifurcated and treated as secured

under the Plan in the amount of \$15,000.00, and unsecured in the amount of \$76,109.07.

- c. Additionally, prior to the Petition Date, the Debtor returned certain collateral to Leaf Capital (the “Returned Collateral”). It has since been discovered through communications with counsel that some of the returned collateral is inconsistent with the collateral described in the loan documents. However, all of the returned collateral is electronic equipment. Leaf shall be granted the authority to liquidate the Returned Collateral upon Confirmation. **NOTICE IS HEREBY GIVEN TO ALL INTERESTED PARTIES THAT LEAF CAPITAL IS IN POSSESSION OF THE FOLLOWING: SEVENTEEN (17) DELL COMPUTERS, THIRTY-TWO (32) PRINTERS, SIX (6) TOUCHSCREEN MONITORS, TWENTY (20) UPS POWER BATTERY BACKUPS. UPON CONFIRMATION, LEAF CAPITAL SHALL HAVE THE AUTHORITY TO IMMEDIATE LIQUIDATE THE RETURNED COLLATERAL FOR THE BENEFIT OF LEAF CAPITAL AND APPLY NET PROCEEDS TOWARD SATISFACTION OF ITS SECURED CLAIM(S).**

10. **PNC Equipment Finance.** PNC Equipment Finance has two (2) consensual liens in the Debtor’s specific equipment as follows:

- a. The first loan’s collateral can be summarized as seventeen (17) of each of the following: printers, monitors, and motherboards with accessories. On the Petition Date, this loan had a balance in the approximate amount of \$136,964.40 [See Debtor’s Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$17,500.00, and unsecured in the amount of \$119,464.40.
- b. The second loan’s collateral can be summarized as forty (40) monitors and forty (40) motherboards with accessories. On the Petition Date, this loan had a balance in the approximate amount of \$201,012.00 [See Debtor’s Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$20,000.00, and unsecured in the amount of \$181,012.00.

11. **Wells Fargo.** Wells Fargo has two (2) consensual liens in the Debtor’s specific equipment as follows:

- a. The first loan’s collateral can be summarized as forty-five (45) of each of the following: printers, monitors, motherboards with accessories. On the Petition Date, this loan had a balance in the approximate amount of \$322,040.30 [See Debtor’s Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$122,000.00, and unsecured in the amount of \$200,040.30.

- b. The second loan's collateral can be summarized as eighty-two (82) monitors, six (6) printers, and forty-eight (48) motherboards with accessories. On the Petition Date, this loan had a balance in the approximate amount of \$416,684.16 [See Debtor's Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$158,000.00, and unsecured in the amount of \$258,684.16.

12. **Western Equipment Finance.** Western Equipment Finance has a consensual lien in the Debtor's specific equipment, summarized as forty-one (41) monitors, sixteen (16) printers, and forty-one (41) motherboards with accessories, in the approximate amount of \$178,297.20 [See Debtor's Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$20,000.00, and unsecured in the amount of \$158,297.20.

13. **Tiger Leasing.** Tiger Leasing has a consensual lien in the Debtor's specific equipment, summarized as thirty-six (36) video game units, in the approximate amount of \$6,041.34 [See Debtor's Schedules]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$3,000.00, and unsecured in the amount of \$3,041.34.

14. **BB&T Commercial Equipment Capital Corporation.** BB&T Commercial Equipment Capital Corporation ("BB&T") has a consensual lien in the Debtor's specific equipment, summarized as sixteen (16) of each of the following: printers, monitors, and motherboards with accessories, in the approximate amount of \$103,077.24 [See ECF Claim No. 1]. This claim will be bifurcated and treated as secured under the Plan in the amount of \$12,500.00, and unsecured in the amount of \$90,577.24.

15. **CIT Bank, N.A.** CIT Bank, N.A. has a six (6) consensual liens in the Debtor's specific equipment as follows:

- a. Loan No. 001 – approximate balance: \$40,965.72 [See ECF Claim No. 5] – collateral summarized as follows: forty-eight (48) redemption boards with bill acceptors and controllers. This claim will be bifurcated and treated as secured under the Plan in the amount of \$7,500.00, and unsecured in the amount of \$33,465.72.
- b. Loan No. 002 – approximate balance: \$78,277.00 [See ECF Claim No. 4] – collateral summarized as follows: forty-two (42) redemption games with bill acceptors and controllers. This claim will be bifurcated and treated as secured under the Plan in the amount of \$17,500.00, and unsecured in the amount of \$60,777.00.
- c. Loan No. 003 – approximate balance: \$87,021.00 [See ECF Claim No. 3] – collateral summarized as follows: various redemption games and 144 monitors. This claim will be bifurcated and treated as secured under the Plan in the amount of \$22,500.00, and unsecured in the amount of \$64,521.00.

- d. Loan No. 004 – approximate balance: \$78,541.00 [*See* ECF Claim No. 2] – collateral summarized as follows: 148 printers, 148 game cabinets, 500 monitors. This claim will be bifurcated and treated as secured under the Plan in the amount of \$40,000.00, and unsecured in the amount of \$38,541.00.
- e. Loan No. 005 – approximate balance: \$85,392.00 [*See* Debtor’s Schedules] – collateral summarized as follows: twenty-four (24) game cabinets, twenty-four (24) redemption games. This claim will be bifurcated and treated as secured under the Plan in the amount of \$20,000.00, and unsecured in the amount of \$65,392.00.
- f. Loan No. 006 – approximate balance: \$88,320.00 [*See* Debtor’s Schedules] – collateral summarized as follows: seventy-eight (78) games, ten (10) printer cards. This claim will be bifurcated and treated as secured under the Plan in the amount of \$10,000.00, and unsecured in the amount of \$78,320.00.

B. Priority Debt

The Internal Revenue Service holds a priority claim pursuant to § 507(a)(8) [*See* Amended ECF Claim No. 6]. This claim is estimated and will be treated as a priority claim under the Plan in the estimated amount of \$100.00. The final, actual, and exact amount owed is subject to examination and may be adjusted.

C. Unsecured Debt

The Debtor’s unsecured debt, as reflected in the Debtor’s Schedules and through filed proofs of claims, is shown below. The Court set a bar date for filing proofs of claims of January 15, 2019 [*See* Docket No. 60], and Allowed Unsecured Claims filed before such date are included in this category.

Name of Creditor	Amount of Claim¹	Source of Amount
Pinnacle Bank	\$565,000.00	Bifurcated amount of secured claim – Debtor’s Schedules
Fifth Third Bank	\$75,212.84	Bifurcated amount of secured claim – Debtor’s Schedules
NBKC Bank	\$142,029.26	Bifurcated amount of secured claim – ECF Claim No. 10
Seacoast National Bank	\$142,029.26	Bifurcated amount of secured claim – ECF Claim No. 11
US Bank	\$172,920.25	Bifurcated amount of secured claim – ECF Claim No. 9
Alliance Funding	\$9,370.02	Bifurcated amount of secured claim – Debtor’s Schedules

¹ The amount listed on a timely filed proof of claim (subject to allowance of the claim) shall control over any contrary amounts listed in the Debtor’s schedules and deemed filed pursuant to 11 U.S.C. § 1111(a).

Hewlett Packard	\$185,262.15	ECF Claim No. 7
Leaf Capital	\$218,912.32	Bifurcated amount of secured claims – Debtor’s Schedules
PNC Equipment Finance	\$282,741.40	Bifurcated amount of secured claims – Debtor’s Schedules
Wells Fargo	\$458,724.46	Bifurcated amount of secured claims – Debtor’s Schedules
Western Equipment Finance	\$158,297.20	Bifurcated amount of secured claim – Debtor’s Schedules
BB&T	\$90,577.24	Bifurcated amount of secured claim – ECF Claim No. 1
CIT Bank, N.A. – Agreement 001	\$33,465.72	Bifurcated amount of secured claim – ECF Claim No. 5
CIT Bank, N.A. – Agreement 002	\$60,777.00	Bifurcated amount of secured claim – ECF Claim No. 4
CIT Bank, N.A. – Agreement 003	\$64,521.00	Bifurcated amount of secured claim – ECF Claim No. 3
CIT Bank, N.A. – Agreement 004	\$38,541.00	Bifurcated amount of secured claim – ECF Claim No. 2
CIT Bank, N.A. – Agreement 005	\$65,392.00	Bifurcated amount of secured claim – Debtor’s Schedules
CIT Bank, N.A. – Agreement 006	\$78,320.00	Bifurcated amount of secured claim – Debtor’s Schedules
Pilot Freight Services	\$1,650.00	Debtor’s Schedules
Shell Fleet Management	\$473.43	Debtor’s Schedules

VI. LIQUIDATION ANALYSIS

For this Plan to be approved by the Court, a determination must be made that the Plan will provide to each creditor an amount, as of the Effective Date, that is not less than the value of the property that each creditor would receive or retain if all assets of the Debtor were sold and the proceeds were distributed under Chapter 7 of the Bankruptcy Code.

The estimated dollar amount that would be generated from the forced liquidation of the Debtor’s assets (the “Liquidation Proceeds”) would consist of the *net* proceeds from the sale of all non-exempt assets of the Debtor and recoveries on any actions against other parties. The Liquidation Proceeds would then be reduced by the cost of the liquidation and recovery efforts.

The vast majority of the Debtor’s assets are encumbered by secured creditors that will have deficiency claims. The Debtor owns three (3) vehicles without a perfected security interest and two (2) vehicles with perfected security interests and equity. The total liquidation value for all five (5) vehicles is approximately \$60,000.00 [*See* Paragraph IV(C), above]. A Trustee may be able to recover a portion of the preference payments [*See* Paragraph IV(D), above], but would be unlikely to recover payments to Ethos Gaming, Aetna Insurance, Nationwide Insurance, or Swanson Developments, LP—since all of these entities would have valid defenses. Excluding

these amounts, the preference recovery would range between \$0.00 and \$265,449.95. The actual funds possibly recovered by the Trustee would be reduced by the Trustee's commission, court costs, and attorney's fees.

The Debtor is presently unaware of any actions a Chapter 7 trustee could take against other parties to obtain funds for the estate. Therefore, the total Liquidation Proceeds are believed to be less than \$200,000.00.² When contrasted with a Chapter 7 liquidation, the distribution to Allowed Unsecured Claims proposed by the Debtor's Plan is higher than the estimated Liquidation Proceeds. The Debtor proposes to pay unsecured creditors \$250,000.00. Accordingly, the Debtor's Plan offers creditors \$50,000.00 more than they would receive from liquidation under Chapter 7 of the Bankruptcy Code.

VII. SUMMARY OF PLAN

A. Transfer of Assets

Under the Plan, the assets of the Debtor will continue to be owned, managed, and controlled by the owner, David K. Sharp.

B. Payment of Claims

1. **Unimpaired/Unclassified Claims.** The below group of claims are not impaired and are not classified under the Plan; they will be treated as follows:

a. *Administrative Claims:* Each holder of an Administrative Claim allowed under § 503 of the Bankruptcy Code will be paid in full at the later of (i) the time that the expense has been approved by the Court, (ii) upon such other terms as may be agreed upon by the holder of the claim and the Debtor, or (iii) the Effective Date.

b. *Priority Tax Claims:* The sole Priority Claim allowed under § 507(a)(8), held by the Internal Revenue Service, will be paid in full at 5.0% interest via one installment of \$100.42 first day of the month following the Effective Date.

c. *United States Trustee Fees:* The U.S. Trustee's statutory fee shall be paid current as of the Effective Date. All fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6) will accrue and be paid until the case is closed, dismissed, converted to another chapter of the Bankruptcy Code, or a final decree is entered by the Court.

2. **Impaired Claims.** The below classes of claims are impaired and will be classified and treated under the Plan as follows:

² This figure was approximated by using the liquidation value of the vehicles (\$60,000), plus 65% of the possible preference claim recovery (\$265,449.95 x 65%), less a Chapter 7 trustee's commissions, fees, and costs of litigation (approximately \$32,000).

Class No.	Holder of Claim or Interest	Plan Treatment
1	Pinnacle Bank	<p>The Allowed Secured Claim of Pinnacle Bank shall be allowed in the amount of \$475,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Sixty (60) equal monthly installments of principal and interest shall be made in the amount of \$5,956.25, with the balance of the Allowed Secured Claim paid in the sixty-first (61st) month.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>Pinnacle Bank shall retain its lien in any and all assets of the Debtor until the final of the above payments is made. Upon receipt of such final payment, Pinnacle Bank shall terminate its UCC(s) related to the Debtor.</p>
2A	Nissan Motor Acceptance Corporation [ECF Claim No. 12]	<p>The Allowed Secured Claim of NMAC shall be allowed in the amount of \$18,568.41.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Sixty (60) equal monthly installments of principal and interest shall be made in the amount of \$345.41.</p> <p>(ii) Interest shall accrue at the fixed rate of 4.41%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>NMAC shall retain its lien in the Debtor's 2017 Nissan Frontier until the final of the above equal monthly installments is made. Upon receipt of such final payment, NMAC shall release the lien and remit the title to the Debtor.</p>
2B	Ally Financial	<p>The Allowed Secured Claim of Ally Financial shall be allowed in the amount of \$24,780.00.</p>

	[ECF Claim No. 8]	<p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <ul style="list-style-type: none"> (i) Sixty (60) equal monthly installments of principal and interest shall be made in the amount of \$471.61. (ii) Interest shall accrue at the fixed rate of 5.35%. (iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full. (iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan. <p>Ally Financial shall retain its lien in the Debtor's 2015 Chevy Silverado until the final of the above equal monthly installments is made. Upon receipt of such final payment, Ally Financial shall release the lien and remit the title to the Debtor.</p>
3A	Fifth Third Bank	<p>The Allowed Secured Claim of Fifth Third Bank shall be allowed in the amount of \$35,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <ul style="list-style-type: none"> (i) Forty-eight (48) equal monthly installments of principal and interest shall be made in the amount of \$511.30, with the balance of the secured claim paid in the forty-ninth (49th) month. (ii) Interest shall accrue at the fixed rate of 6.00%. (iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full. (iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan. <p>Fifth Third Bank shall retain its lien in the software of the Debtor until the final of the above payments is made. Upon receipt of such final payment, Fifth Third Bank shall terminate its UCC(s) related to the Debtor.</p>
3B.1	Wells Fargo - 001	<p>The Allowed Secured Claim of Wells Fargo shall be allowed in the amount of \$122,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p>

		<p>(i) Forty-eight (48) equal monthly installments of principal and interest shall be made in the amount of \$1,529.82, with the balance of the secured claim paid in the forty-ninth (49th) month.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
3B.2	Wells Fargo - 002	<p>The Allowed Secured Claim of Pinnacle Bank shall be allowed in the amount of \$158,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Forty-eight (48) equal monthly installments of principal and interest shall be made in the amount of \$1,981.24, with the balance of the secured claim paid in the forty-ninth (49th) month.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>Wells Fargo shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments (for Class 3B.1 and 3B.2) is made. Upon receipt of such final payment, Wells Fargo shall terminate its UCC(s) related to the Debtor.</p>
4A	US Bank	<p>The Allowed Secured Claim of US Bank shall be allowed in the amount of \$35,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$511.30.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p>

		<p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>US Bank shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments is made. Upon receipt of such final payment, US Bank shall terminate its UCC(s) related to the Debtor.</p>
4B	Alliance Funding	<p>The Allowed Secured Claim of Alliance Funding shall be allowed in the amount of \$3,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Sixty (60) equal monthly installments of principal and interest shall be made in the amount of \$58.00.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>Alliance Funding shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments is made. Upon receipt of such final payment, Alliance Funding shall terminate its UCC(s) related to the Debtor.</p>
4C.1	Leaf Capital (June 2017 Loan)	<p>The Allowed Secured Claim of Leaf Capital shall be allowed in the amount of \$10,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Sixty (60) equal monthly installments of principal and interest shall be made in the amount of \$193.33.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4C.2	Leaf Capital (September 2017 Loan)	<p>The Allowed Secured Claim of Leaf Capital shall be allowed in the amount of \$15,000.00.</p>

		<p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <ul style="list-style-type: none"> (i) Sixty (60) equal monthly installments of principal and interest shall be made in the amount of \$289.99. (ii) Interest shall accrue at the fixed rate of 6.00%. (iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full. (iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan. <p>Leaf Capital shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments (for Class 4C.1 and 4C.2) is made. Upon receipt of such final payment, Leaf Capital shall terminate its UCC(s) related to the Debtor.</p> <p>Additionally, prior to the Petition Date, the Debtor returned collateral to Leaf Capital (the “Returned Collateral”). It has since been discovered through communications with counsel that some of the returned collateral is inconsistent with the collateral described in the loan documents. However, all of the returned collateral is electronic equipment. Leaf shall be granted the authority to liquidate the Returned Collateral upon Confirmation. NOTICE IS HEREBY GIVEN TO ALL INTERESTED PARTIES THAT LEAF CAPITAL IS IN POSSESSION OF THE FOLLOWING: SEVENTEEN (17) DELL COMPUTERS, THIRTY-TWO (32) PRINTERS, SIX (6) TOUCHSCREEN MONITORS, TWENTY (20) UPS POWER BATTERY BACKUPS. UPON CONFIRMATION, LEAF CAPITAL SHALL BE AUTHORIZED TO IMMEDIATELY LIQUIDATE THE RETURNED COLLATERAL FOR THE BENEFIT OF LEAF CAPITAL AND APPLY NET PROCEEDS TOWARD SATISFACTION OF ITS SECURED CLAIM(S).</p>
4D.1	PNC Equipment Finance (2017 Loan)	<p>The Allowed Secured Claim of PNC Equipment Finance shall be allowed in the amount of \$17,500.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <ul style="list-style-type: none"> (i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$255.65. (ii) Interest shall accrue at the fixed rate of 6.00%. (iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and

		<p>subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(v) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4D.2	PNC Equipment Finance (2018 Loan)	<p>The Allowed Secured Claim of PNC Equipment Finance shall be allowed in the amount of \$20,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$292.17.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>PNC Equipment Finance shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments (for Class 4D.1 and 4D.2) is made. Upon receipt of such final payment, PNC Equipment Finance shall terminate its UCC(s) related to the Debtor.</p>
4E	Western Equipment Finance	<p>The Allowed Secured Claim of Western Equipment Finance shall be allowed in the amount of \$20,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$292.17.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>Western Equipment Finance shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments is made. Upon receipt of such final payment, Western Equipment Finance shall terminate its UCC(s) related to the Debtor.</p>

4F	Tiger Leasing	<p>The Allowed Secured Claim of Tiger Leasing shall be allowed in the amount of \$3,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <ul style="list-style-type: none"> (i) Forty-eight (48) equal monthly installments of principal and interest shall be made in the amount of \$70.46. (ii) Interest shall accrue at the fixed rate of 6.00%. (iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full. (iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan. <p>Tiger Leasing shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments is made. Upon receipt of such final payment, Tiger Leasing shall terminate its UCC(s) related to the Debtor.</p>
4G	BB&T	<p>The Allowed Secured Claim of BB&T shall be allowed in the amount of \$12,500.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <ul style="list-style-type: none"> (i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$182.61. (ii) Interest shall accrue at the fixed rate of 6.00%. (iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full. (iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan. <p>BB&T shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments is made. Upon receipt of such final payment, BB&T shall terminate its UCC(s) related to the Debtor.</p>
4H.1	CIT Bank, N.A. – 001 [ECF Claim No. 5]	<p>The Allowed Secured Claim of CIT Bank, N.A. shall be allowed in the amount of \$7,500.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p>

		<p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$109.56.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4H.2	CIT Bank, N.A. – 002 [ECF Claim No. 4]	<p>The Allowed Secured Claim of CIT Bank, N.A. shall be allowed in the amount of \$17,500.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$255.65.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4H.3	CIT Bank, N.A. – 003 [ECF Claim No. 3]	<p>The Allowed Secured Claim of CIT Bank, N.A. shall be allowed in the amount of \$22,500.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$328.69.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4H.4	CIT Bank, N.A. – 004 [ECF Claim No. 2]	<p>The Allowed Secured Claim of CIT Bank, N.A. shall be allowed in the amount of \$40,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p>

		<p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$584.34.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4H.5	CIT Bank, N.A. – 005	<p>The Allowed Secured Claim of CIT Bank, N.A. shall be allowed in the amount of \$20,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$292.17.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p>
4H.6	CIT Bank, N.A. - 006	<p>The Allowed Secured Claim of CIT Bank, N.A. shall be allowed in the amount of \$10,000.00.</p> <p>This Allowed Secured Claim shall be paid under the Plan as follows:</p> <p>(i) Eighty-four (84) equal monthly installments of principal and interest shall be made in the amount of \$146.09.</p> <p>(ii) Interest shall accrue at the fixed rate of 6.00%.</p> <p>(iii) The first monthly installment payment will be due on the 1st day of the first month following the Effective Date and subsequent payments will be due on the 1st day of each month thereafter until the Allowed Secured Claim is paid in full.</p> <p>(iv) Any terms of the existing note and security agreement evidencing this Allowed Claim which may conflict with the terms of the Plan shall be deemed modified by the terms of this Plan.</p> <p>CIT Bank, N.A. shall retain its lien in the collateral described in its valid UCC(s) until the final of the above payments (Class 4H.1 through 4H.6) is made. Upon receipt of such final payment, CIT Bank, N.A. shall terminate its UCC(s) related to the Debtor.</p>

5A	NBKC Bank	<p>Due to the lack of equity above and beyond the balance of Pinnacle’s claim, to which NBKC Bank is subordinate, it is not expected that NBKC Bank will have an Allowed Secured Claim. Therefore, the NBKC Bank claim shall be deemed wholly unsecured and “lien-stripped” pursuant to 11 U.S.C. § 506(d).</p> <p>Upon Confirmation, NBKC Bank shall terminate its UCC(s) related to the Debtor, or shall provide such a release for the Debtor to file with the Tennessee Secretary of State.</p>
5B	Seacoast National Bank	<p>Due to the lack of equity above and beyond the balance of Pinnacle’s claim, to which Seacoast National Bank is subordinate, it is not expected that Seacoast National Bank will have an Allowed Secured Claim. Therefore, the Seacoast National Bank claim shall be deemed wholly unsecured and “lien-stripped” pursuant to 11 U.S.C. § 506(d).</p> <p>Upon Confirmation, Seacoast National Bank shall terminate its UCC(s) related to the Debtor, or shall provide such a release for the Debtor to file with the Tennessee Secretary of State.</p>
6	All Allowed Unsecured Claims	<p>This class shall consist of the Allowed Unsecured Claims not entitled to priority and not expressly included in the definition of any other class. This class includes, without limitation, Claims arising out of the rejection of any executory contract or unexpired lease, each Allowed Claim secured by a lien on Property in which the Debtor has an interest to the extent that such Claim is determined to be unsecured pursuant to 11 U.S.C. § 506(a), and each such Claim of the class described in 11 U.S.C. § 507(a), to the extent that the allowed amount of such Claim exceeds the amount which such Claim may be afforded priority thereunder.</p> <p>This plan will provide a pool of \$250,000.00 to be paid pro-rata to the claimholders in this class. The Reorganized Debtor shall commence pro-rata payments to claimants in this class beginning on, or before, the first day of the month following the Effective Date. This pool will be satisfied no later than one hundred twenty (120) months from commencement.</p>
7	Ownership Interests in the Debtor	<p>The Debtor will retain all ownership Interest in Property. David K. Sharp shall retain his ownership interest in the Reorganized Debtor.</p>

C. Plan Default

Notwithstanding the provision of any lease or finance agreement that may survive the Confirmation of this Plan, an event of default as to any Claim shall exist only if the Reorganized Debtor (i) fails to make monetary payment when due and that default is not cured within twenty (20) days following delivery of written notice of that default, (ii) fails to insure the property

securing the creditor's Allowed Secured Claim for the value of the property, or (iii) disposes of the property securing the creditor's Allowed Secured Claim without either the consent of the creditor holding the Allowed Secured Claim or the payment of the net sale proceeds to that creditor.

D. Tax Consequences

There are no known negative tax consequences created by the Plan. *Creditors are advised to direct all questions regarding the tax consequences of the Plan to their respective tax advisor.*

E. Executory Contracts and Unexpired Leases

The Debtor assumes the following contracts and leases:

1. Lease with Swanson Developments, LP for warehouse and office space rental;
2. Business management contract with Tortola Advisors for business streamlining and related services;
3. Lease with ADT Security Services for security services at the Debtor's principal place of business;
4. Tractor-trailer lease with BMO Harris Bank, N.A. for the lease of the Debtor's 2016 International Prostar;
5. Inventory development contract with Ethos Gaming, LLC for the development of new software;
6. Trash collection contract with Republic Services #841 for waste removal services;
7. Lease with Wells Fargo Vendor Financial Services for the lease of the Debtor's Konica Minolta copier; and
8. Lease with Xtra Lease for the lease of the Debtor's pull-behind trailer.

The Debtor is not aware of any other specific leases or contracts that it anticipates assuming or rejecting upon Confirmation. To the extent there are any executory contracts of the Debtor not specifically assumed hereunder, the Debtor hereby specifically rejects those contracts retroactively to the Petition Date.

F. Discharge

Pursuant to 11 U.S.C. § 1141(d)(1), unless the Court orders otherwise, the Confirmation of the Plan discharges the Debtor from any debt that arose before the date of Confirmation, subject to the debts excluded pursuant to 11 U.S.C. § 1141(d)(6).

G. Implementation of the Plan

The Effective Date is anticipated to be April 1, 2019. The Debtor will continue to operate to obtain funds for the Plan.

The Debtor will seek the entry of a Final Decree as required under Bankruptcy Rule 3022 following the Effective Date and the administration of the estate. Prior to the entry of a Final

Decree, the Debtor shall submit quarterly reports and ensure that all quarterly fees to the U.S. Trustee are paid as required by 28 U.S.C. § 1930(a)(6).

The Debtor estimates that administrative expenses associated with the implementation of the Plan include approximately \$25,000.00 in attorney's fees, \$5,000.00 in U.S. Trustee fees, and \$45,000.00 in other professional fees, such as accounting fees, and the business management fees of Tortola Advisors. The Debtor will pay these fees as outlined in above [*See* Section VII (B)].

VIII. CONFIRMATION REQUIREMENTS

To confirm the Plan, the Court must, after notice, hold a hearing on the issue of confirmation. Any creditor may object to confirmation of the Plan and appear at the confirmation hearing to prosecute such objection. The requirements for confirmation of a Chapter 11 Plan are set forth in detail in 11 U.S.C. § 1129. The following is a summary of the more notable requirements:

A. Acceptance by Impaired Classes

Pursuant to 11 U.S.C. § 1129(a)(10), at least one class of impaired claimants must vote to accept the Plan. For a class to accept the Plan, the Plan must receive favorable votes from claimants within that class who hold at least two-thirds in dollar amount of the claims that vote and more than one-half in number of the claims that vote.

B. Feasibility

Pursuant to 11 U.S.C. § 1129(a)(11), the Court is required to find that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. The Court must find that the Plan adequately addresses the needs for reorganization and that it is likely that the Reorganized Debtor will be able to perform pursuant to the Plan. A finding by the Court that the Plan meets these requirements is not a guarantee that the Plan will be fully performed.

The Debtor asserts that the Plan is feasible. During the pendency of the Bankruptcy Case, the Debtor has increased in size, adding at least four (4) new contracts with Operators. The Debtor is cycling through an extensive game development process, which will allow it to further expand and update current games to ensure continued usage by the Operator's customers, and in turn, providing a consistent revenue stream for the Debtor through its continued operations. The Debtor filed two (2) monthly operating reports, which show a monthly profit exceeding the proposed plan payments [*See* Docket Nos. 54 and 85]. These recent gains are expected to be used to fund the current ongoing software update, as shown in the five-year proforma illustrating the feasibility of the Plan. [*See* Exhibit A].

C. Absolute Priority Rule

The Absolute Priority Rule provides that a plan is fair and equitable with respect to a rejecting class if the rejecting class receives payment in full or as long as no class junior to it

receives or retains property under the plan. Upon submission to the Court, the Plan satisfies the absolute priority rule because the Debtor believes that any unsecured creditor not receiving payment in full will consent to such treatment based on the proforma analysis and the relationally disproportionate net recovery that would be realized through a liquidation.

D. Liquidation Test

Pursuant to 11 U.S.C. § 1129(a)(7), and as discussed in Article VI herein, the Plan must pay to each class that has not accepted the Plan an amount determined as of the Effective Date that is not less than the amount a claimant within that nonaccepting class would receive or retain if the Debtor's assets were liquidated under Chapter 7 of the Bankruptcy Code. The Debtor asserts that the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(7).

E. "Cramdown" Provisions

Pursuant to 11 U.S.C. § 1129(b), if an impaired class does not vote to accept the Plan, as discussed in paragraph A above, the Court may still confirm the Plan if the Court determines that the Plan treatment of the class of claims rejecting the Plan is fair and equitable and does not discriminate unfairly. The Debtor intends to invoke these "cramdown" provisions should any class of impaired claims fail to accept the Plan. The Debtor believes that the Plan is fair and equitable and does not discriminate unfairly.

Signed this 28th day of November, 2018.

Reel Amusements, LLC

By: /s/ David K. Sharp
David K. Sharp, Chief Member

Respectfully Submitted,

/s/ Gray Waldron
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EXHIBIT A

Reel Amusements.: 4 Year Proforma Income Statement (in thousands 000's) ¹

	Year 1	Year 2	Year 3	Year 4	Total
Revenue					
Sales Income	\$ 3,177	\$ 3,239	\$ 3,302	\$ 3,367	\$ 13,086
Total Revenue	3,177	3,239	3,302	3,367	13,086
Expenses					
Payroll	(1,049)	(1,069)	(1,090)	(1,111)	(4,318)
Cost of Goods Sold	(1,017)	(1,037)	(1,057)	(1,077)	(4,187)
Cost of Goods Sold - Delivery & Travel	(43)	(44)	(45)	(45)	(177)
Rent	(160)	(164)	(167)	(171)	(662)
Credit Card Expenses	(159)	(162)	(165)	(168)	(654)
Insurance - Health	(150)	(153)	(156)	(159)	(618)
401(k) contributions	(47)	(48)	(49)	(50)	(193)
Taxes-Sales & Use	(2)	(3)	(3)	(3)	(10)
Insurance - Business	(51)	(52)	(53)	(55)	(212)
Freight	(20)	(20)	(21)	(21)	(82)
Professional - Legal	(8)	(8)	(8)	(8)	(31)
Communication	(18)	(18)	(18)	(19)	(73)
Office	(15)	(15)	(15)	(15)	(60)
Utilities	(16)	(16)	(16)	(17)	(65)
Repairs and Maintenance	(3)	(3)	(3)	(3)	(12)
Tractor / Trailer Expense	(49)	(50)	(51)	(52)	(200)
Advertising	(5)	(5)	(5)	(5)	(20)
Bank Charges/Credit Card Fees	(1)	(1)	(1)	(1)	(2)
Employee Benefits	(7)	(7)	(7)	(7)	(28)
Insurance - Life	(7)	(8)	(8)	(8)	(31)
Taxes-Franchise & Excise	(2)	(2)	(2)	(2)	(7)
Software Commissions	(16)	(17)	(17)	(17)	(67)
Automobile (Fuel/Tolls)	(4)	(4)	(5)	(5)	(18)
Other expenses	(32)	(32)	(33)	(34)	(131)
Contingency	(48)	(49)	(50)	(50)	(196)
Interest Expense (Plan Interest)	(62)	(55)	(48)	(40)	(205)
Total Expenses	(2,989)	(3,040)	(3,091)	(3,142)	(12,261)
Income from Operations	188	199	212	225	824
Estimated Taxes at 25.0%	(47)	(50)	(53)	(56)	(206)
Net Income	141	150	159	168	618
Chapter 11 Plan Payments (Principal Only)					
Principal Payments	(140)	(147)	(155)	(163)	(606)
Total Chapter 11 Plan Payments (Principal Only)	(140)	(147)	(155)	(163)	(606)
Net Income after Plan Principal Payments	1	2	4	6	13

1) Proforma starts on effective date

Plan Payments Summary

Creditor Name	\$ Amount in Plan	Interest Rate (%)	Term (in years)	Monthly Payment (P & I)	Creditor Class
Pinnacle	\$ 475,000	6.00%	8.5	\$ (5,956)	Class 1
Wells Fargo	280,000	6.00%	8.5	(3,511)	Class 3b
Fifth Third Bank	35,000	6.00%	7	(511)	Class 3a
Leaf Capital	25,000	6.00%	5	(483)	Class 4c
Western Equipment Finance	20,000	6.00%	7	(292)	Class 4e
GSG Financial	122,500	6.00%	7	(1,790)	Class 4h
Alliance	3,000	6.00%	5	(58)	Class 4b
BB&T	17,500	6.00%	7	(256)	Class 4g
PNC Finance	37,500	6.00%	7	(548)	Class 4d
US Bank	35,000	6.00%	7	(511)	Class 4a
Tiger Leasing	3,000	6.00%	4	(70)	Class 4f
Ally Financial	24,780	5.35%	5	(472)	Class 2b
Nissan Motors Acceptance Corporation	18,568	4.41%	5	(345)	Class 2a
Deficiency Claims	250,000	0.00%	10	(2,083)	Unsecured Pool
Total Monthly Plan Payments (P & I)				(16,887)	