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ATTORNEYS FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE

HARD-MIRE RESTAURANT
HOLDINGS, LLC

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Case no. 18-31575-11

DEBTOR

CHAPTER 11

**DISCLOSURE STATEMENT OF HARD MIRE RESTAURANT HOLDINGS, LLC
PURSUANT TO SECTION 1125
OF THE BANKRUPTCY CODE DATED OCTOBER 25, 2018**

TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO THE
HONORABLE UNITED STATES BANKRUPTCY JUDGE:

I
INTRODUCTION

Identity of the Debtors

Hard-Mire Restaurant Holdings, LLC (“Debtor”) filed its voluntary Chapter 11 case in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (“Court”) on May 4, 2018. The Debtor operates a Mexican food restaurant in Dallas, Texas. The Debtor proposes to restructure its current indebtedness and continue its operations to provide a dividend to the unsecured creditors of Debtor.

Purpose of Disclosure Statement; Source of Information

Debtor submits this Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor’s Plan of Reorganization dated October 25, 2018 (“Plan”). This Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtor.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the plan discharges the debtor from all of its pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation makes the plan binding upon the debtors and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

Unimpaired Class. Claimants in Classes 1 and 7 are not impaired under the Plan. Such Class is deemed to have accepted the Plan.

Impaired Classes. The Class 2 through 6 Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2 through 6. Each holder of an Allowed Claim in Classes 2 through 6 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.

For all Classes, the ballot must be returned to Eric A. Liepins, 12770 Coit Road, Suite 1100, Dallas, Texas 75251. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. It is anticipated that in a Chapter 7 liquidation, the Debtor's creditors, other than the secured creditors, would receive nothing. Accordingly, since the Plan proposes a substantial dividend to all creditors, such creditors are receiving more than they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

II **REPRESENTATIONS**

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan of Reorganization, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as **Exhibit "A"**.]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtor, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING THE DEBTOR IS AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND

PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTORS ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III

FINANCIAL PICTURE OF THE DEBTORS

Financial History and Background of the Debtor

The Campuzano's chain of Mexican restaurants was started 1999 by owner/managing partner Brian Harding in Midlothian, Texas. Over a six-year period Campuzano's expanded to three additional locations. In 2013, Harding made the decision to open a location in the lucrative Dallas market. After finding a location on Oak Lawn Avenue, a popular Dallas "restaurant row", Harding launched the Dallas restaurant with an affiliated company (i.e., the Debtor) and a family member as an investor. Since its opening, the Campuzano's Dallas restaurant operated by the Debtor has become an increasingly popular restaurant venue for the Uptown Dallas area and has sustained steady growth in the five (5) years since opening.

Since the inception of the restaurant brand in 1999, the Campuzano's restaurants have had few, if any, employee wage claims asserted by current or former employees. However, in the two (2) years prior to the filing of this Chapter 11 case, the Debtor began to be the target of employee wage and overtime claims from former employees. As a result of these claims and litigation asserted against the Debtor under the federal Fair Labor Standards Act [29 U.S.C. §§201 et seq.]

(the "FLSA") and the associated expenses thereof, this Chapter 11 case was filed to provide a structured mechanism to deal with the existing claims, as well as any future FLSA claims that might be filed or asserted against the Debtor, and to provide for the orderly repayment of all creditors of the Debtor. There is currently one case against the Debtor, Jose Jorge Dominguez v. Campuzanos Dallas, LLC et al, case number 3:16-cv-00143-L, currently pending in the United States District Court, Northern District of Texas, Dallas Division. This creditor has filed a Proof of Claim in the amount of approximately \$101,000.

Post Petition Operations

Since the filing of the bankruptcy, the Debtor has operated profitably. The Debtor has filed all its operating reports with the Court.

Future Income and Expenses Under the Plan

Attached hereto as **Exhibit "B"** are projections of gross income, expenses and operating income for the next year. Based upon the projections, the Debtor believes it can service the payments required under the Plan.

Post-Confirmation Management

Upon Confirmation of the Debtor's Plan, Brian Harding will remain a 51% owner of the Debtor and the Frances Longmire Trust will remain the 49% owner of the Debtor.

IV.

ANALYSIS AND VALUATION OF PROPERTY

The Debtor operates a Mexican food restaurant in Dallas, Texas. The Debtor does not own the real property where the restaurant operates. The Debtor assets consist mainly of the goodwill associated with the restaurant. The Debtor kitchen equipment and decor including furniture and flatware would not bring more than \$10,000 at a sale if liquidated which would not cover the priority tax debts. The Debtor believes there is very little likelihood of any dividend to the unsecured creditors in the event of a liquidation of the assets of the Debtor.

A liquidation analysis of the Debtor's assets is attached hereto as **Exhibit "C"**.

V.

SUMMARY OF PLAN OF REORGANIZATION

The Debtor will continue in business. The Debtor's Plan will break the existing claims into 7 categories of Claimants. These claimants will receive cash payments over a period of time beginning on the Effective Date.

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Articles 5 and 6 of this Plan shall be the sole an exclusive means for full settlement, release and discharge of their respective Claims, Debts, or interests. On the Confirmation Date, the Reorganized Debtor shall assume all duties, responsibilities and obligations for the implementation of this Plan. Any class of Claimants failing to vote on this Plan shall be deemed to have accepted this Plan in its present form or as modified or amended as permitted herein.

Class 1 Claimants (Allowed Administrative Claims of Professionals and U.S. Trustee) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtors' attorney's fees approved by the Court and payable to the law firm of Eric Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. This case will not be closed until all allowed Administrative Claims are paid in full. Class 1 Creditor Allowed Claims are estimated as of the date of the filing of this Plan to not exceed the amount of \$15,000, including Section 1930 fees. Section 1930 fees shall be paid in full prior to the Effective Date. The Debtor is required to continue to make quarterly payments to the U.S. Trustee and shall be required to file post-confirmation operating reports until this case is closed. The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Priority Tax Claims) are impaired and shall be satisfied as follows: The Allowed Priority Amount of all Tax Creditor Claims shall be paid out of the revenue from the continued operations of the business to Dallas County ("Ad Valorem Taxes") for unpaid business personal property taxes for tax years 2017 shall be treated as secured claims. Dallas County is the holder of a prepetition claim for year 2017 ad valorem business personal property taxes in the amount of \$2,950.23. Dallas County shall retain the senior liens that secure all amounts ultimately owed for year 2015 and year 2016 ad valorem business personal property taxes until it receives payment in full. The Debtor shall pay Dallas County prepetition claim in 2 payments. The first payment on the Effective Date and the second payment 30 days thereafter. Dallas County shall receive interest from the petition date through the Effective Date of the plan and from the Effective Date through the date of payment in full at the state statutory rate of 12% per annum pursuant to 11 U.S.C. Sections 506(b), 511 and 1129.

Class 2 Claimants are impaired under this Plan.

Class 3 Claimants (Allowed Tax Claim of the Internal Revenue Service) are impaired and shall be satisfied as follows: The Allowed Amount of Tax Creditor Claims of the Internal Revenue Service ("IRS") shall be paid out of the continued operations of the business. The Priority Tax Creditor Claims to be the IRS taxes believed to be approximately \$900. The IRS Priority Claims will be paid in full on the Effective Date.. Failure of the Debtor to meet the payment obligations set forth in the Plan shall constitute an event of default under the Plan. In addition, upon a default under the Plan, the administrative collection powers and the rights of the IRS shall be reinstated as they existed prior to the filing of the bankruptcy petition, including, but not limited to, the assessment of taxes, the filing of a notice of a Federal (or state) tax lien and the powers of levy, seizure, and sale under the Internal Revenue Code. The below stated provisions apply to the IRS:

- (a) If the Debtor fails to make any Plan payments, and deposits of any currently accruing employment or sales tax liability, fails to make payment of any tax to the Internal Revenue Service within 10 days of the due date of such deposit or payment, or if the debtor or its successor in interest fails to file any required federal or state tax return by the due date of such return, then the United States may declare that the Debtor in default of the Plan. Failure to declare a default does not constitute a waiver by the United States of the right to declare that the successor in interest or Debtor is in default.
- (b) If the United States declares the Debtor to be in default of the Debtor's obligations under the Plan, then the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately upon written demand to the Debtor or the successor in interest.
- (c) If full payment is not made within 14 days of such demand, then the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code. The IRS shall only be required to sent two notices of default and upon the third event of default, the IRS may proceed to collect on all accounts owed without recourse to the Bankruptcy Court and without further notice to the Debtor.
- (d) The collection statute expiration date will be extended from the Petition Date until substantial default under the Plan.
- (e) All payments will be sent to: Leo Carey, IRS, 1100 Commerce Street, Mail Code 5027 DAL, Dallas, Texas 75242.

The Internal Revenue Service shall not be bound by any release provisions in the Plan that would release any liability of the responsible persons of the Debtor to the IRS. The Internal Revenue Service may take such actions as it deems necessary to assess any liability that may be due and owing by the responsible persons of the Debtor to the Internal Revenue Service; but the Internal Revenue Service shall not take action to actually collect from such persons unless and until there is a default under the plan, and as set forth in paragraph (4)(a)-(d) above.

Class 4 Claimants (Texas Comptroller) are impaired and shall be satisfied as follows: the Texas Comptroller has filed three Proofs of Claim asserting a claim for sales and franchise tax in the total amount of \$12,520.09 and two Proof of Claim for mixed beverage taxes in the total amount of \$18,298.01. The Debtor believes most of these taxes have been paid, however, to the extent pre-petition claims of the Comptroller exist, the Debtor shall pay them in full with interest at the rate of 5.25% per annum in 12 equal monthly payments commencing on the Effective Date. The Debtor may pre-pay this Claim at any time without penalty.

A failure by the Reorganized Debtor to make a payment to the Comptroller pursuant to the terms of the Plan shall be an Event of Default. If the reorganized debtor fails to cure an Event of Default as to such payments within ten (10) days after receipt of written notice of default from the Comptroller then the Comptroller may (a) enforce the entire amount of its claim; (b) exercise any and all rights and remedies the Comptroller may have under applicable state law; and/or (c)

seek such relief as may be appropriate in the Court. The reorganized debtor shall have the opportunity to cure two (2) times over the life of the plan. In the event of the third default, the Comptroller may proceed with the state law remedies for collection of all amounts due under state law.

Class 4 Claimants are impaired under this Plan.

Class 5 Claimants (Allowed General Non-Litigation Unsecured Creditors) are impaired and shall be satisfied as follows: the Class 5 creditors shall be paid in full in sixty (60) equal monthly installments commencing on the Effective Date. Based upon the Debtor's Schedules and the Proof of Claim on file the Debtor believes the total Class 5 Claims will not exceed \$60,000. The Debtor may pre-pay these Claims, individually or collectively, at any time without penalty.

The Class 5 creditors are impaired under this Plan.

Class 6 Claimants (Allowed Litigation Claims) are impaired and shall be satisfied as follows: The Class 6 Allowed Litigation Claims shall consist of any and all Claimants who, as current or former employees of the Debtor, have asserted or could have asserted claims for minimum wages, overtime pay, backpay, additional/double damages, penalties, attorneys' fees, costs and /or expenses against the Debtor arising out of any alleged violations of the Fair Labor Standards Act 29 U.S.C. §§ 201-216 ("Act"), including, without limitation, the pending case of Jose Jorge Dominguez v. Campuzanos Dallas, LLC et al, case number 3:16-cv-00143-L, currently pending in the United States District Court, Northern District of Texas, Dallas Division and any other potential claimant under the Act, who has timely filed a Proof of Claim in this matter. Any Allowed Class 6 creditors will be paid in full in sixty (60) equal monthly installments commencing on the latter of the Effective Date or thirty (30) days after a final non-appealable determination of their claim has been made by the Bankruptcy Court.

The Class 6 creditors are impaired under this Plan.

Class 7 (Current Members) are not impaired under the Plan and shall be satisfied as follows: The current Members will receive no payments under the Plan, and the current Members shall retain their existing interests. The Class 7 Members are not impaired under this Plan.

ARTICLE VI

MECHANICS/IMPLEMENTATION OF PLAN

Debtor anticipates the continued operations of the business to fund the Plan. The Debtor does not intend to reject any leases or executory contract under the Plan.

As specified in Section 1125(e) of the Bankruptcy Code, persons that solicit acceptances or rejections of this Plan and/or that participate in the offer, issuance, sale or purchase of securities offered or sold under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, are not liable on account of such solicitation or participation for violation

of any applicable law, rule, or regulation governing the solicitation of acceptances or rejection of this Plan or the offer, issuance, sale or purchase of securities.

VII.
FEASIBILITY OF PLAN

The projections of the future business operations are attached hereto as **Exhibit "B"**. The Debtor believes that the projections are conservative based upon the historical operations of the business. Based upon the projections, the Debtor believes the Plan to be feasible.

VIII.
RETENTION OF JURISDICTION

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article XIV of the Plan.

THIS PLAN SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR ANY CREDITOR OF THE DEBTOR DEALT WITH HEREIN, SO LONG AS DEBTOR OR THE REORGANIZED DEBTOR IS NOT IN DEFAULT UNDER THE PLAN.

IX.
ALTERNATIVES TO DEBTOR'S PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. Generally, a liquidation or forced sale yields a substantially lower amount. As set forth above, the Debtor owes approximately \$40,000 in tax claims. Claims to the tax creditors must be paid prior to the unsecured creditors receiving any payment. The Debtor believes the value of the assets would not exceed the tax creditor debts, and therefore, a liquidation would result in no distribution to the unsecured creditors.

A liquidation analysis is attached hereto as **Exhibit "C"**.

X
RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

Claimants and Equity Interest Holders should be aware that there are a number of substantial risks involved in consummation of the Plan. The Debtor has operated this restaurant in this location for the past five years. The Debtor Plan is anticipates the Debtor will remain in business and continue to have steady growth of the next five years. The Plan contemplates that there will be excess funds to pay Creditor Claims.

XI.
TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. In this case most of the creditors will not be paid in full the amount of their claims. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interests of the Equity Interest Holder. **CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS.**

XII.
PENDING OR ANTICIPATED LITIGATION

The Debtor has evaluated potential claims which may be brought. The Debtor is unaware of any litigation which could be brought for the benefit of the creditors of the estate.

Dated: October 25, 2018.

Respectfully submitted,

**HARD-MIRE RESTAURANT HOLDINGS,
LLC**

/s/ Brian Harding _____

By: BRIAN HARDING

Its: Managing Member

EXHIBIT 'C'
LIQUIDATION ANALYSIS

ASSETS	<u>CHAPTER 7</u>	<u>CHAPTER 11</u>
EQUIPMENT /FIXTURES	5,000	10,000
INVENTORY	0 ¹	7,000
TOTAL	5,000	17,000
LIABILITIES		
ADMINISTRATIVE	15,000	15,000
TAX CREDITORS	40,000	40,000
UNSECURED CREDITORS	60,000	60,000
LITIGATION CREDITORS	UKN	UKN
	0%	UP TO 100%

¹The inventory in the case consists mainly of perishable food items which would have little or no value to a trustee.