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ATTORNEYS FOR DEBTOR

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

IN RE	§	
	§	
ITM ENTERPRISES, LLC	§	
	§	Case no.18-40767 -11
	§	
	§	
	§	CHAPTER 11
DEBTOR	§	

DISCLOSURE STATEMENT OF ITM ENTERPRISES, LLC PURSUANT TO SECTION 1125
OF THE BANKRUPTCY CODE DATED JUNE 28, 2018

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

I
INTRODUCTION

Identity of the Debtors

ITM Enterprises, LLC (“Debtor”) is a Texas Limited Liability Corporation which filed a voluntary Chapter 11 case in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("Court") on February 28, 2018. Debtor’s business consist of the ownership and operation of a Golden Chick restaurant in Terrell, Texas. Debtor purposes to restructure the current indebtedness and continue its operations to provide a dividend to the unsecured creditors of the 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 June 28, 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 the value 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 (½) 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 debtors from all of their 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 Class 1 and Class 5 are not impaired under the Plan. Such Class is deemed to have accepted the Plan.

Impaired Classes. The Class 2 through 4, 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 4. Each holder of an Allowed Claim in Classes 2 through 4 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.
The Debtor is seeking acceptance of the Plan by the (i) Allowed Tax Creditors; (ii) the Allowed Claims of Secured Creditors; and (iii) the Allowed Claims of the Unsecured Creditors.

Except to the extent permitted by the Bankruptcy Court pursuant to Rule 3018 of the Bankruptcy Rules, ballots that are received after the Voting Deadline will not be accepted or used by Debtor in connection with Debtor's request for confirmation of the Plan.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt) acceptance and revocation or withdrawal of ballots or master ballots will be determined by Debtor, whose determination will be final and binding.

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 less than is provided for in this Plan. 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's 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 Debtors, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING DEBTOR ARE AUTHORIZED BY 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, 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.

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, DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES 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 Debtor operates a Golden Chick restaurant in Terrell, Texas. The Debtor began operations if 2013. The Debtor originally operated its restaurant in Fort Worth, Texas until spring of 2017. The Fort Worth locate did not prove profitable. In spring of 2017 the Debtor sought to move its location to Terrell, Texas. The Debtor located a building which had been a Wendy's restaurant. The Debtor closed the Fort Worth location and began renovating the Terrell location. The move proved both costly and time consuming. The Debtor was unable to open the new restaurant until October 2017. During this time, the Debtor was unable to pay its secured lender. This bankruptcy was filed to restructuring the secured debt and to repay all unsecured creditors.

Post petition operations and Major Events

Upon the filing of this bankruptcy, the Debtor continued to operate the restaurant. Operations have been good and the Debtor is in a position to begin repaying its creditors. The Debtor has previously filed a Plan of Reorganization. The Court conducted a confirmation hearing on May 10, 2018. At that time the Court declined to approve the Debtor's Plan. Since that time the Debtor has continued operations and continued to pursue a possible sale of the business.

Future Income and Expenses Under the Plan

Attached hereto as Exhibit "B" are projections of gross income, expenses and net operating income for the next year. It is the income projections which will be used to fund the Plan. The Debtor has prepared these projections based upon the current levels of business.

Ownership of the Debtor

The Debtor is a Texas Limited Liability Corporation owned 34% by Mujeeb Khalil, 33% by Mohsin Mughal and 33% by Mohammad Amer. After confirmation the ownership will remain the same but no owners will take a salary from the Debtor.

IV.

ANALYSIS AND VALUATION OF PROPERTY

The Debtor currently leases its location. The Debtor does own the kitchen equipment and the other property located within the restaurant.

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

V.
SUMMARY OF PLAN OF REORGANIZATION

The Reorganized Debtor will continue in business. The Plan will break the existing claims into 5 categories of Claimants. These claimants will receive cash payments over a period of time commencing upon 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 the Plan shall be the sole and 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.

Class 1 Claimants (Allowed Administrative Claims of Professionals and US 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. Debtor's attorney's fees approved by the Court and payable to the law firm of Eric A. Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. The Debtor. Debtor do not expect these total fees to exceed $10,000. This case will not be closed until all allowed Administrative Claims are paid in full unless otherwise agreed by the Debtor and the Claimant. Section 1930 fees shall be paid in full prior to the Effective Date. Debtor will make quarterly payments to the U.S. Trustee and shall 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 Property Tax Claims) are impaired and shall be satisfied as follows: The Debtor will business property taxes to Kaufman County, Terrell ISD and City of Terrell for tax year 2018. The Debtor shall pay these taxes claims when due. The Class 2 claimants shall retain their liens on the Debtor's property until paid in full under this Plan.

The Class 2 Creditors are impaired under this Plan.

Class 3 Claimant (Compass Bank) is impaired and shall be satisfied as follows: On or about September 25, 2013, the Debtor executed that certain Promissory Note in the original principal amount of $50,000 in favor of Compass Bank ("Note #1"). On or about June 2, 2014, the Debtor executed that certain Promissory Note in the original principal amount of $450,000 in favor of Compass Bank ("Note #2"). Note #1 and Note #2 were secured by that certain Security Agreement on all personal property of Debtor dated June 2, 2014 ("Collateral"). Upon information and belief the amount owing on Note #1 as of the Petition Date was $14,413.85 and the amount owing on Note #2 as of the Petition Date was 424,726.26. Upon information and belief Compass Bank has received payment on its debt post petition and the current indebtedness to Compass bank is approximately $321,000. The Class 3 Claimant shall have an allowed secured claim in the amount of $321,000 ("Class 3 Claim"). The Debtor asserts that the value of the collateral securing the Compass claim is at least $321,000. Compass has asserted the value of the collateral securing the Class 3 Claim is $80,000. In the event Debtor is correct the Class 3 Claim shall be paid in full based upon a 180 month amortization, however, the Debtor shall make 59 equal monthly installments with interest at the rate of 5% per annum commencing on the Effective Date and one payment of all outstanding principal and interest on the 60th month from the Effective Date. In the event the value of the collateral securing the Class 3 claim is found to be less than $321,000 then Compass shall have a Class 3.1 claim for the Balance. The foregoing payment schedule is subject to the terms of Article 6.3 below. The Class 3 Claimant shall retains its liens on the Debtor's property until paid in full in accordance with the terms of this Plan. All other terms and conditions of the pre-bankruptcy loan documents of Compass Bank except as modified by this Plan shall remain in full force and effect. Upon confirmation of this Plan, the Compass Note #1 and Note #2 shall be reinstated and deemed current consistent with the terms of this Plan.

The Class 3 Claimant is impaired under this Plan.

5.4.1 **Class 3.1 (Unsecured claim of Compass Bank)** is impaired and shall be satisfied as follows: In the event the collateral securing the Compass Class 3 Claim is determined to be less than $321,000, Compass shall have a Class 3.1 claim for the difference between the $321,000 and the value of the collateral securing the Class 3 claim. This potential Class 3.1 Claim shall be paid in full in 60 monthly payments commencing on the Effective Date. The Debtor shall make distributions to the Class 3.1 Allowed Claim every 90 days commencing 90 days after the Effective Date. The foregoing payment schedule is subject to the terms of Article 6.3 below.

The Class 3.1 Claimant is impaired under this Plan.

Class 4 (Unsecured Creditors) are impaired under the Plan and shall be satisfied as follows: The Allowed Claims of Unsecured Creditors shall receive their pro rata portion of payments made by the Debtor into the Class 4 Creditors Pool. The Debtor shall monthly payments of $500 each commencing on the Effective Date and continuing until all allowed class 4 creditors have been paid in full. The Debtor shall make distributions to the Class 4 Allowed Claims every 90 days commencing 90 days after the Effective Date.

The Class 4 Creditors are impaired under this Plan.

Class 5 (Current Equity Holders) are not impaired under the Plan and shall be satisfied as follows: The Current Equity Holders shall retain their current ownership interests.

The Class 5 Equity Holders are not impaired by the Plan.

ARTICLE VI
MECHANICS/IMPLEMENTATION OF PLAN

Debtor anticipates the cash on hand and continued operations of the restaurant to fund the Plan. The Debtor has received an offer to purchase the restaurant, if the Plan is approved and the sale closes the Debtor shall use the proceeds from the sale to pay all creditors in full at closing. In the event the sale does not close the Debtor shall continue operations and make monthly payments in accordance with the terms of this 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 operations are attached hereto as Exhibit "B". The increased performance of the Debtor throughout these proceedings supports the Debtor's ability to meet the requirements to fund this Plan.. Based upon the projections, Debtor believes the Plan to be feasible.

VIII
STATUS OF EXECUTORY CONTRACTS

All unexpired leases and executory contracts shall be assumed on or before the Effective Date. To the extent there are any unexpired leases or executory contracts, which have not been assumed or dealt with in this Plan prior to the Effective Date, they are rejected. However, the Debtor's current Franchise Agreement with Golden Chick and its current lease on its location in Terrell, Texas are specifically assumed by this Plan, and in accordance with the terms of the proposed sale, if the sale closed these agreements will be assigned to the purchaser.

IX
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 is not in default under the Plan.

X.
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. Or in the alternative, the Lender may obtain relief for the automatic stay and be allowed to foreclosure on its interest. As set forth above, generally, a liquidation or forced sale yields a substantially lower amount. As set forth above, the Debtor believes the current value of the all of its equipment if liquidated would not provide the creditors with a greater return than proposed under the Plan.

XI
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 Plan contemplates that there will be excess funds to pay Creditor Claims. The major risk associated with the Plan, is the Debtor's ability to continue to attract business as contemplated by the Plan.

XII
TAX CONSEQUENCES

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. 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. In this case the Creditors will be paid 100% of their claims. **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**.

XIII.
PENDING OR ANTICIPATED LITIGATION

Debtor has evaluated potential claims which may be brought pursuant to the Bankruptcy Code or other laws. The Debtor does not believe any such claims could be pursued on behalf of the Debtor would provide the creditors with any greater return that proposed under this Plan.

Dated: June 25, 2018.

Respectfully submitted,

ITM Enterprises, LLC

__/s/ Mujeeb Khalil___
Mujeeb Khalil
Managing Member

EXHIBIT "C" LIQUIDATION ANALYSIS

ASSETS	Chapter 7	Chapter 11
Cash	10,000	10,000
Equipment	30,000[1]	50,000
Furnishings[2]	5,000	30,000
Inventory	0	5,000

LIABILITIES		
Administrative	10,000	10,000
Secured Claims	321,000	321,000
Unsecured Claims	30,000	30,000
Projected dividend to unsecured creditors	0%	100%

[1]Based on 60% of cost current value if liquidated.

[2]Based on 15% of current replacement value if liquidated.