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10 R. Ring Enterprises, Inc., et al.

Signed: August 14, 2009


EDWARD D. JELLEN
U.S. Bankruptcy Judge

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION

12 In re
13 R. RING ENTERPRISES, INC., et al.
14 Debtors.

Chapter 11
Case No. 08-44903 EDJ
Jointly Administered with
Case No. 08-44907 and
Case No. 08-44910

ORDER APPROVING DISCLOSURE
STATEMENT OF JOINTLY
ADMINISTERED DEBTOR, R. RING
ENTEPRISES, INC. AND FIXING TIME
FOR FILING ACCEPTANCES OR
REJECTIONS OF PLAN OF
REORGANIZATION, COMBINED WITH
NOTICE THEREON

Date: July 30, 2009
Time: 2:30 p.m.
Place: 1300 Clay Street, Courtroom 215
Judge: Edward D. Jellen

24 R. Ring Enterprises, Inc., a debtor and debtor in possession (the "Debtor") in
25 these jointly administered cases, having filed a Disclosure Statement on June 26, 2009 (the
26 "Disclosure Statement") in case no. 08-44903 and having filed notice of proposed revisions to
27 the Disclosure Statement on July 28, 2009; the Disclosure Statement describing and referring

1 to the Debtor's plan of reorganization filed on June 26, 2009 and amended as of July 30, 2009
2 (the "Plan"); adequate and sufficient notice of the hearing to approve the Disclosure
3 Statement having been provided to all creditors and parties in interest in accordance with Rule
4 2002(b) of the Federal Rules of Bankruptcy Procedure and Bankruptcy Local Rule 3017-1;
5 and the Court finding that the Disclosure Statement contains adequate information as required
6 by section 1125 of the Bankruptcy Code; and good cause appearing therefor, it is hereby:

7 ORDERED, and notice is hereby given, that:

8 1. The objection to the Disclosure Statement is overruled;

9 2. The Disclosure Statement as revised by the Debtor's amendments of
10 July 28, 2009, a copy of which is attached hereto as Exhibit A and in which the Debtor may
11 make only minor revisions and date as of July 30, 2009, is approved;

12 3. The Record Date for determination of the holder of a Claim for the
13 purpose of Rule 3018 of the Federal Rules of Bankruptcy Procedure is June 30, 2009;

14 4. On or prior to August 21, 2009, the Debtor shall send by first class mail,
15 and as provided in Rule 3017(d) of the Federal Rules of Bankruptcy Procedure:

16 (a) To the United States Trustee and all creditors of the Debtor in a
17 class of creditors designated as impaired, a copy of the Plan, a
18 copy of the Disclosure Statement, and the appropriate ballot, in
19 substantially the form set forth on Exhibit B hereto; and

20 (b) To all creditors of the Debtor in a class of creditors designated as
21 unimpaired or deemed to reject the Plan and not entitled to
22 receive ballots, and other parties in interest, a notice of the
23 Disclosure Statement, the Plan, the hearing on confirmation of
24 the Plan, and related confirmation deadlines in substantially the
25 form set forth on Exhibit C hereto;

26 5. September 11, 2009 at 5:00 p.m. is fixed as the last day and time for
27 submitting written acceptances or rejections of the Plan;

28

1 6. The Debtor need not send a ballot, copy of the Plan, or copy of the
2 Disclosure Statement to the holders of claims in an unimpaired class or class deemed to reject
3 the Plan so long as the Debtor sends such holders a copy of the Notice in substantially the
4 form attached hereto as Exhibit C;

5 7. September 17, 2009 is fixed as the last day for filing and serving written
6 objections to confirmation of the Plan;

7 8. The hearing on confirmation of the Plan shall be set on September 24,
8 2009 at 2:30 p.m.;

9 9. The Debtor may cause any documents transmitted pursuant to this order
10 to be printed single-space and double-sided, and may pay all reasonable costs incurred in the
11 printing and mailing thereof;

12 10. In tabulating the ballots, the Debtor shall use the amount set forth on a
13 filed proof of claim or, in the absence of such proof of claim, the amount set forth on the
14 Debtor's schedules;

15 11. Ballots received that are signed but do not indicate acceptance or
16 rejection of the Plan will not be counted;

17 12. Ballots that are not signed will not be counted; and

18 13. Only original ballots will be counted.

19
20 APPROVED AS TO FORM:

21 FREMONT BANK

22 /s/Terrance L. Stinnett

23 Terrance L. Stinnett
24 General Counsel

25
26
27
28

EXHIBIT A

DISCLOSURE STATEMENT

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5 Attorneys for Debtors
R. Ring Enterprises, Inc., et al.
6
7

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION
11

12 In re
13 R. RING ENTERPRISES, INC.
14 Debtor.

Chapter 11
Case No. 08-44903 EDJ
DISCLOSURE STATEMENT FOR
PLAN OF REORGANIZATION
(JULY 30, 2009)

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18 THIS DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION
19 (“DISCLOSURE STATEMENT”) HAS BEEN APPROVED BY THE BANKRUPTCY
COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA AS CONTAINING
20 ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE FOR
SOLICITATION OF ACCEPTANCES OF THE PLAN OF REORGANIZATION DATED
21 JULY 30, 2009 (“PLAN”). DISTRIBUTION OF THIS DISCLOSURE STATEMENT TO
CREDITORS, SHAREHOLDERS, AND OTHER PARTIES IN INTEREST WAS
22 AUTHORIZED BY THE BANKRUPTCY COURT ON _____. THE COURT HAS
MADE NO INDEPENDENT INVESTIGATION OR DETERMINATION OF ANY
23 FACTUAL STATEMENT OR DOLLAR VALUE SET FORTH IN THE PLAN OR THE
DISCLOSURE STATEMENT.
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ARTICLE I.
INTRODUCTION

1.1 The Disclosure Statement Purpose.

This Disclosure Statement has been prepared by R. Ring Enterprises, Inc. (“Debtor”), and is being distributed to creditors and other parties in interest of the Debtor for the purpose of soliciting acceptances of the Plan. The purpose of this Disclosure Statement is to provide holders of Claims against, and Interests in, the Debtor with adequate information to enable them to make informed judgments about the Plan before exercising their right to vote for acceptance or rejection of the Plan. This Disclosure Statement describes the business background and operating history of the Debtor before the filing of this Chapter 11 Case. It also summarizes certain significant events that have taken place during this Chapter 11 Case and describes the terms of the Plan, which divides creditor Claims and the Interests of shareholders into classes and provides for the treatment of Allowed Claims and Interests.

1.2 Voting on the Plan.

For an acceptance or rejection of the Plan, mail to:

Friedman Dumas & Springwater LLP
150 Spear Street, Suite 1600
San Francisco, California 94105

Attn: Katherine Hollander

In order for your vote to be counted, your completed Ballot must be received by mail or personal delivery **no later than September 11, 2009**. Ballots will not be accepted by fax or email.

After the Ballots have been tabulated, the Bankruptcy Court will decide whether the Debtor has met the necessary legal requirements for Confirmation of the Plan. Upon Confirmation, the Plan will be binding upon all creditors regardless of whether an individual creditor has voted in favor of the Plan.

1 **1.3 The Debtor's Plan Summary.**

2 The Reorganized Debtor will make payments on Allowed Claims entitled to
3 receive Distributions under the Plan. The Plan, which is described in greater detail in Article
4 V of this Disclosure Statement, provides that the Debtor will make initial Distributions of
5 approximately \$362,000 on account of administrative claims, Allowed Claims entitled to
6 priority and secured Allowed Claims. The Reorganized Debtor will succeed to the interests
7 of the Debtor under the Plan and will make Distributions on secured Allowed Claims and
8 Non-Classified Allowed Claims priority taxes during the Plan Term. The Reorganized
9 Debtor will discontinue operations on February 1, 2011 at the expiration of its remaining
10 restaurant lease. Holders of general unsecured claims and interests of the Debtor will not
11 receive any Distributions.

12 THE PROJECTED FINANCIAL INFORMATION HEREIN REFLECTS
13 VARIOUS ASSUMPTIONS BY THE DEBTOR THAT MAY OR MAY NOT PROVE TO
14 BE CORRECT. IN ADDITION, ESTIMATES OF ALLOWED CLAIMS MAY VARY
15 FROM THE FINAL AMOUNTS OF ALLOWED CLAIMS.

16 **ARTICLE II.**

17 **DEFINITIONS**

18 Unless the context requires otherwise, all capitalized terms used but not
19 defined herein shall have the meanings ascribed to such terms in the Plan or the Bankruptcy
20 Code, as the case may be. Certain definitions that apply to this Disclosure Statement are
21 included in Exhibit A, attached hereto.

22 References to a code section are references to a section of the Bankruptcy
23 Code, except as otherwise stated. The summaries of the Plan and other documents provided
24 in this Disclosure Statement are qualified in their entirety by reference to the actual terms of
25 the Plan and all documents described therein.

1 plan of reorganization. The Plan of Reorganization for Restaurant Concepts, LLC was
2 confirmed on April 16, 2009.

3 **4.2.2 Order Designating Responsible Individual.** On September 16, 2008, the
4 Bankruptcy Court entered its order designating Richard Ring as the individual responsible
5 for the duties and obligations of the Debtor during the pendency of the Chapter 11 Case.

6 **4.2.3 Order Maintaining Payroll Accounts.** On September 19, 2008, the
7 Bankruptcy Court entered its order authorizing the Debtor to maintain its prepetition payroll
8 accounts, thereby allowing payroll checks to clear the bank.

9 **4.2.4 Orders Authorizing Payment of Prepetition Wages and Related Tax**
10 **Obligations.** On September 12, 2008, the Debtor filed its motion seeking authorization to
11 pay prepetition wages and related tax obligations *nunc pro tunc* to the Filing Date. On
12 September 19, 2008, the Court entered an emergency order authorizing payment of
13 prepetition wages for hourly employees and on September 29, 2008 entered a further order
14 granting the relief requested in the motion.

15 **4.2.5 Order Establishing Limited Notice and Motion Procedures for Special**
16 **Notice Matters.** On November 20, 2008, the Bankruptcy Court entered its order directing
17 that notice of (i) motions to use, sell or lease property of the Debtor's estate outside of the
18 ordinary course of business, (ii) motions for approval of compromises or settlements of
19 controversies, and (iii) applications for compensation or reimbursement of expenses totaling
20 more than \$1,000.00, be limited to (A) the Office of the United States Trustee, (B) Debtor's
21 counsel, (C) any official committee appointed in the Debtor's Chapter 11 Case (of which
22 none was ever appointed), and (E) those persons who formally request that they receive all
23 notices given in the Debtor's Chapter 11 Case. The order further directs that notice of a
24 given motion or application also be served on any parties specifically affected by the motion
25 or application.

26 **4.3 Use of Cash Collateral.**

27 On October 17, 2008, the Bankruptcy Court entered its order approving the
28 Debtor's amended stipulation with Fremont Bank for use of cash collateral during the

1 Chapter 11 Case. The Order authorized the Debtor to grant Fremont Bank replacement liens
2 on postpetition assets of the Debtor. The Bankruptcy Court approved a first amendment to
3 the cash collateral stipulation on April 9, 2009.

4 The stipulation provides that creditors had until December 15, 2008 to object
5 to the validity, priority or avoidability of Fremont Bank's liens, subject to an extension for
6 cause. DJONT filed the only objection to the partially-secured claim of Fremont Bank,
7 asserting that the secured value of Fremont Bank's claim should be calculated in accordance
8 with Section 506 of the Bankruptcy Code. The claim has since been allocated as
9 approximately \$475,000 secured, with the remainder as unsecured.

10 **4.4 Rejection of Restaurant Lease.**

11 On November 13, 2008, the Bankruptcy Court entered its order approving the
12 Debtor's rejection of the lease with DJONT/ EPT Leasing, LLC ("DJONT/EPT") for the
13 restaurant and food and beverage operations at the San Rafael hotel and a stipulation
14 addressing numerous issues related to the transition of this property back to DJONT/EPT.
15 The San Rafael restaurant was the least profitable of the Debtor's restaurants and the Debtor
16 rejected it two months prior to the end of the lease term.

17 **4.5 Disputes with DJONT.**

18 DJONT, the landlord of the properties for the Debtor's food, beverage and
19 restaurant operations at the Embassy Suites Hotels in Burlingame and Napa, California, did
20 not support the Debtor's efforts to reorganize and continue operations at these locations. The
21 following is a summary of the litigated issues and the ultimate DJONT Settlement
22 Agreement.

23 **4.5.1 DJONT's Motion to Compel Surrender and related litigation.**

24 On January 14, 2009, DJONT filed a motion to compel surrender by the
25 Debtor of the Burlingame and Napa, California leaseholds, based on DJONT's assertion that,
26 following the 2005 amendments to the Bankruptcy Code, the Debtor's failure to file a motion
27 to assume the Burlingame and Napa leases resulted in a deemed surrender of the leases 120
28 days following the Filing Date. The Debtor asserted that its filing of a plan of reorganization

1 satisfied the Bankruptcy Code pursuant to applicable Ninth Circuit precedent. The
2 Bankruptcy Court denied the motion and DJONT appealed the decision to the Bankruptcy
3 Appellate Panel for the Ninth Circuit and the parties prepared briefs on the appeal.

4 The Debtor then filed a motion to recover attorneys' fees and costs incurred by
5 the Debtor in defending the motion based upon the terms of the lease agreements. The
6 Bankruptcy Court denied the motion without prejudice as the underlying motion to compel
7 surrender remained on appeal.

8 On April 17, 2009, DJONT filed a second motion to compel surrender of the
9 leaseholds, based on DJONT's assertion that the leaseholds were deemed rejected on the
10 basis that the leases had not been assumed nor the plan confirmed within 210 days of the
11 Filing Date. The Debtor filed an objection and this matter was resolved by the DJONT
12 Settlement Agreement.

13 4.5.2 **Napa Adversary Proceeding (Adv. No. 08-04331).**

14 On October 31, 2008, DJONT sued the Debtor over its Restaurant Sublease
15 Agreement (the "Napa Lease") for food and beverage operations at the Napa hotel. DJONT
16 alleged that the Napa Lease expired on July 31, 2006, and that the Debtor continued to use
17 the premises on a month-to-month basis. The Debtor asserted that it exercised the renewal
18 option under the Napa Lease by executing and delivering the amendment on July 28, 2006,
19 and that DJONT waived a lease provision requiring prior notice of the lease renewal.
20 Further, the Debtor expended significant funds on capital improvements at the Napa location
21 after exercise of the lease renewal. This litigation was resolved by the DJONT Settlement
22 Agreement.

23 4.5.3 **Burlingame Adversary Proceeding (Adv. No. 09-04123).**

24 On March 5, 2009, the Debtor sued DJONT seeking a determination that the
25 Debtor had satisfied its insurance obligations under the Burlingame lease to DJONT, that the
26 Debtor had no indemnity obligations due to DJONT arising from an accidental death
27 occurring at the Burlingame hotel in 2006 and that any indemnity obligations due were owed
28

1 by DJONT to the Debtor. DJONT filed an answer denying the Debtor's allegations. This
2 litigation was resolved by the DJONT Settlement Agreement.

3 4.5.4 **Objection to DJONT's Proofs of Claim.**

4 On March 5, 2009, the Debtor filed an objection to the proofs of claim filed by
5 DJONT on December 23, 2008. The Debtor asserted that the proofs of claim overstated the
6 claim amounts; in particular the costs associated with any repair, restoration and maintenance
7 requirements, and asserted claims for amounts that were not yet due. The Debtor and
8 DJONT reconciled portions of the claims. The Debtor engaged a professional, Ron Charyn
9 of Charyn Auctions, to provide an expert appraisal of the costs associated with the Debtor's
10 repair and restoration obligations at the Burlingame and Napa hotels. The Debtor's response
11 and expert report was filed on May 1, 2009. This matter was resolved by the DJONT
12 Settlement Agreement.

13 4.5.5 **The DJONT Settlement Agreement.**

14 The Debtor and DJONT negotiated a global resolution of issues of all of their
15 disputes on May 15, 2009. The Bankruptcy Court approved the DJONT Settlement
16 Agreement pursuant to an order entered June 10, 2009.

17 The DJONT Settlement Agreement provides for (1) the termination of the
18 Debtor's operations at the Burlingame and Napa hotels as of the end of June 2009, (2)
19 DJONT's termination payment of \$300,000 to the Debtor and (3) mutual releases and the
20 withdrawal or dismissal of litigation.

21 **4.6 Objection to Secured Claim of First Sierra Financial, Inc. and IOS Capital.**

22 On May 27, 2009, the Debtor filed objections to any secured Claim of First
23 Sierra Financial, Inc. or IOS Capital on the basis that the Debtor satisfied any debt to these
24 parties prior to the Filing Date. On June 25, 2009, the Bankruptcy Court entered orders
25 disallowing any secured claim that may be asserted by these parties.

26 **4.7 Sale of Marin Center Liquor License.**

27 On the Filing Date, the Debtor operated the food and beverage concessions at
28 the Marin Center. The Debtor's concessionaire agreement for this facility expired on June

1 30, 2009. Epicurean Group, the new concessionaire for this location, purchased the Debtor's
2 retail alcoholic beverage license for the Marin Center for \$7,000.

3 **4.8 Amendment of Schedule E Regarding Employee Claims.**

4 On October 24, 2009, the Debtor filed an amended Schedule E asserting
5 certain claims due to employees for wages earned immediately before the Filing Date. As
6 provided in subsection 4.2.4, the Court authorized the Debtor's payment of these wages
7 postpetition and these Claims have been satisfied.

8 On July 30, 2009, the Debtor filed a second amended Schedule E asserting
9 priority Claims due to former employees for vacation accrued in the 180 days prior to the
10 Filing Date. These Claims remain outstanding and are the basis for the Class 1 Claims,
11 described in subsection 5.4.2.1.

12 **4.9 Claims Bar Dates.**

13 4.9.1 **Prepetition Claims.** The deadline for filing most Claims against the Debtor
14 arising prior to the Filing Date was January 4, 2009.

15 4.9.2 **Other Claims.** Claims arising after the Filing Date are entitled to full payment
16 and are treated as Non-Classified Claims under the Plan. The Plan provides for an additional
17 deadline for filing administrative Claims incurred after the Filing Date, and that deadline is
18 expected to be 30 days after the Effective Date.

19 4.9.3 **Professional Fees and Costs.** Claims of attorneys, accountants and other
20 professionals for fees and costs incurred after the Filing Date but prior to the Effective Date
21 will be determined by order of the Bankruptcy Court after Confirmation. The professionals
22 entitled to compensation from the Debtor's estate and the estimated amount of such
23 compensation is set forth below.

24 **4.10 Professionals Engaged and their Estimated Compensation.**

25 During the pendency of the Chapter 11 Case, the professionals listed below
26 have represented the Debtor and have been awarded compensation from the estate as
27 provided. Professional fees awarded to these firms are subject to further review of the Court
28 before final allowance.

1 **5.2 Sources of Creditor Payments Under the Plan.**

2 5.2.1 **Operations of the Reorganized Debtor.** The Debtor received a termination
3 payment of \$300,000 as a part of the DJONT Settlement Agreement. A portion of these
4 funds will be used to fund Plan payments, in particular the Effective Date Payments. Prior to
5 the Effective Date, the Debtor will accrue additional funds from operations, obligations due
6 to the Debtor and a transfer from Restaurant Concepts, LLC. During the Plan Term, the
7 Reorganized Debtor will provide food and beverage operations pursuant to the Restaurant
8 Lease by and between KOAR-SEATAC Partners, L.P. and R. Ring Enterprises, Inc. (the
9 “Tukwila Lease”). The Tukwila Lease expires on February 1, 2011. The Debtor projects
10 revenues of \$3,320,000 over the Plan Term arising from operations pursuant to the Tukwila
11 Lease. After satisfaction of overhead and expenses, the Debtor anticipates that funds from
12 these operations will be sufficient to pay priority Allowed Claims, Non-Classified Allowed
13 Claims and the secured Allowed Claims of Fremont Bank and Sysco.

14 5.2.2 **Recoveries from Capurro Judgment.** Through February 1, 2011, the
15 Reorganized Debtor will apply recoveries from the judgment entered April 24, 2008 against
16 Cindy and Steven Capurro (the “Capurro Judgment”) to Plan Distributions, subject to costs
17 and expenses associated with post-confirmation operations of the Reorganized Debtor. The
18 Debtor will receive recovery on the Capurro judgment through wage garnishments. The
19 Capurro Judgment is jointly held by the Debtor and Restaurant Concepts, LLC, and through
20 the Plan Term seventy percent (70%) of the total recoveries will be allocated to the Debtor.
21 After February 1, 2011, any recoveries on the Capurro Judgment will be the sole property of
22 Restaurant Concepts, LLC.

23 5.2.3 **Recoveries Under Avoiding Powers.** Under the Bankruptcy Code, if a
24 transfer was made to or for the benefit of a creditor on account of an antecedent debt while
25 the debtor was insolvent and within ninety days of the filing of the debtor’s bankruptcy
26 petition, then the Bankruptcy Code allows the recovery of the transfer for the benefit of the
27 estate, subject to certain defenses. The Debtor has reviewed possible preference recoveries
28 and reserves the right to pursue potential claims against Boyd Coffee Company, Pan-O-

1 Rama Baking, Inc. and Windsor Capital Group, Inc. In addition, the Debtor reserves the
2 right to recover outstanding receivables due from RSLs, LLC. Any recoveries, after
3 repayment of fees and costs of collection, will be applied to Plan Distributions.

4 **5.3 Claims Against the Debtor.**

5 NOTICE TO ALL PERSONS ASSERTING CLAIMS AGAINST THE
6 DEBTOR, OR ITS PROPERTY OR INTERESTS IN ITS PROPERTY: The Plan expressly
7 reserves all claims, defenses, powers and interests of the Debtor for the benefit of the
8 Reorganized Debtor for the purposes of objecting to the allowance of Claims, the
9 subordination of Claims, avoid transfers of property or interests in property of the Debtor,
10 determine the extent, validity, or priority of any lien, and for the purpose of seeking recovery
11 of property, damages, or equitable relief.

12 **5.4 Specification and Treatment of Claims and Interests.**

13 The treatment of Claims described below applies only to Allowed Claims.
14 Claims that are asserted but are subject to a pending objection, to an estimation order of the
15 Bankruptcy Court, or to a requirement of Bankruptcy Court review or approval (such as
16 requests for payment of professional fees) will be paid only if they become Allowed Claims.
17 No Distributions will be made on account of Claims that are not Allowed Claims at the time
18 of such Distributions, although the Plan provides for reserves for Disputed Claims, and any
19 such Claims will receive Distributions in accordance with the Plan provisions for such class
20 of Claim if and when the Claim becomes an Allowed Claim. The Reorganized Debtor, as
21 well as any other party in interest, may dispute any asserted Claim after the Effective Date of
22 the Plan.

23 5.4.1 **Non-Classified Claims.** Section 1123(a)(1) of the Bankruptcy Code provides
24 that certain Claims, including professional fees and Claims for goods or services arising out
25 of the ordinary course of business of the Debtor after the Filing Date and Claims for taxes,
26 shall not be classified under the Plan. The Debtor estimates its administrative Non-Classified
27 Claims to be approximately \$653,000 at Confirmation, including the cure amounts associated
28 with the proposed assumption of executory contracts and unexpired leases. The Debtor

1 estimates its Non-Classified Claims for professional fees to be approximately \$166,550 due
2 at Confirmation. The Debtor further estimates its Non-Classified Claims for priority taxes to
3 be approximately \$392,000 at Confirmation.

4 **5.4.2 Classified Claims.** The Plan divides Claims of creditors and holders of
5 Interests in the Debtor into classes, some of which are designated as impaired (meaning that
6 creditors' and shareholders' rights are changed by the Plan). The classes, and their
7 treatment, are as described below. The following information is only an estimate.
8 Recoveries on Claims paid over the Plan Term could be significantly different, depending
9 upon the success of ongoing operations, post-Confirmation litigation recoveries, and the
10 costs of administration of the estate.

11 **5.4.2.1 Class 1.** Class 1 consists of certain priority Claims of employees and
12 other unsecured Claims entitled to priority pursuant to the Bankruptcy Code. These Claims
13 are based on accrued vacation owed to employees terminated during the pendency of the
14 Chapter 11 Case. The holders of Allowed Claims in Class 1 shall receive Cash in the amount
15 of such Allowed Claims, without interest, on the Effective Date. The Debtor expects its
16 liability for Allowed Claims in Class 1 to be approximately \$26,000.

17 **5.4.2.2 Class 2-A – Fremont Bank.** Class 2 consists of the secured claim of
18 Fremont Bank. Fremont Bank has filed a Claim for \$952,467. The Debtor has provided
19 Fremont Bank with adequate protection payments during the pendency of the Chapter 11
20 case in accordance with the terms of the Amended Cash Collateral Stipulation. Additionally,
21 the Reorganized Debtor will provide Fremont Bank with the following Distributions on
22 account of its secured Allowed Claim: (i) On the Effective Date, the Reorganized Debtor
23 will provide Fremont Bank with a Distribution of \$100,000; (ii) During the Plan Term, the
24 Reorganized Debtor will distribute to Fremont Bank \$5,000 per month; and (iii) At the
25 conclusion of the Plan Term, the Debtor will distribute to Fremont Bank all remaining funds
26 (if any) following the payment of outstanding post-confirmation obligations and the
27 satisfaction of any remaining Non-Classified Allowed Claims for priority taxes. Fremont
28 Bank will have a continuing security interest in and liens upon assets of the Debtor, as

1 provided in its prepetition loan agreements to the Debtor. The remainder of Fremont Bank's
2 Claim shall be a Class 3 - general unsecured Claim.

3 The proposed treatment of this Claim is based upon Fremont Bank's
4 continuing security interest in the accounts receivable that will be generated through
5 continued operations by the Debtor and Reorganized Debtor. In addition, the remaining
6 amounts due to Fremont Bank shall be satisfied by Restaurant Concepts, LLC executing a
7 new promissory note in favor of Fremont Bank to be paid by Restaurant Concepts, LLC over
8 a 5 year period. In consideration for the execution of the new promissory note and the
9 Effective Date payment Fremont Bank will also provide Restaurant Concepts, LLC with a
10 separate line of credit in the sum of \$100,000. The agreement of Fremont Bank to grant to
11 Restaurant Concepts, LLC the line of credit is conditioned upon the payment due on the
12 Effective Date being made by the Debtor.

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1 5.4.2.3 **Class 2-B – Sysco.** Class 2-B consists of the secured Claim of Sysco.
2 The Debtor will pay Sysco a Cash Distribution in the amount of its secured Allowed Claim
3 within thirty (30) days of the Effective Date. The Debtor and Sysco have stipulated to a
4 secured Allowed Claim in the amount of \$2,730.95. The remainder of Sysco’s claim will be
5 classified as a Class 3 general unsecured claim.

6 5.4.2.4 **Class 2-C – Other Secured Claims.** Class 2-C consists of any secured
7 Claims secured by security interests in, and liens upon, specific property of the Debtor
8 unknown at Confirmation and, therefore, otherwise excluded from specific treatment in Class
9 2. The Reorganized Debtor will have the option of (a) continuing to pay the holder of such
10 secured Allowed Claim in accordance with the terms of the agreement between such holder
11 and the Debtor in effect at the time of Confirmation, (b) paying the holder of the secured
12 Allowed Claim monthly Distributions during the Plan Term in the amount of the secured
13 Allowed Claim with interest at 3% per year until paid with the balance of the Claim as a
14 general unsecured Claim in Class 3, or (c) returning the collateral securing the Allowed
15 Claim to the holder, whereby the Allowed Claim of such holder will be reduced by the fair
16 treatment option, and inform the holder of the Allowed Claims in Class 2-C of the election
17 within thirty (30) days of the Effective Date. The Debtor estimates that it has no liability in
18 Class 2-B.

19 5.4.2.5 **Class 3.** Class 3 consists of all general unsecured Claims. The holders
20 of Allowed Claims in Class 3 will not receive any Distribution on account of such Claims.

21 5.4.2.6 **Class 4.** Class 4 consists of all Interests in the Debtor. The holders of
22 shares of Common Stock in the Debtor will not receive any Distribution. At the end of the
23 Plan Term all Interests in the Debtor will be cancelled without requirement of any further
24 undertaking by the Reorganized Debtor.

25 **5.5 Conditions to Confirmation.**

26 Confirmation of the Plan is conditioned upon the Debtor’s assumption of the
27 restaurant lease for the Tukwila, Washington restaurant.

28 **5.6 Means for Implementation of the Plan.**

1 **5.6.1 Distribution by Reorganized Debtor.** The Plan contemplates that the
2 Reorganized Debtor will make the Distributions to holders of Allowed Claims in Classes 1
3 and 2 and Non-Classified Allowed Claims. The Reorganized Debtor is not required to make
4 a Distribution to a holder of an Allowed Claim if the amount of the Distribution is less than
5 \$10.

6 Any holder of an Allowed Claim that fails to claim a Distribution within sixty
7 (60) days of the Distribution will be deemed to have waived its rights to such Distribution
8 and to any other future Distributions under the Plan. At that point, such holder's share of
9 Unclaimed Property is restored to the Reorganized Debtor and becomes available for
10 Distribution to other holders of Allowed Claims.

11 THE FOREGOING IS A SUMMARY OF THE DETAILED PROCEDURES
12 CONTAINED IN THE PLAN FOR CALCULATION AND ISSUANCE OF
13 DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS. CREDITORS ARE URGED
14 TO CONSULT THE TERMS OF THE PLAN TO REVIEW THESE PROCEDURES.

15 **5.7 Management of Reorganized Debtor and Employment of Insiders.**

16 Richard Ring will continue as the President and CEO of the Reorganized
17 Debtor through the Plan Term. As president, Mr. Ring will continue to receive a salary from
18 the Reorganized Debtor. The wife of Mr. Ring, Debra Ring, will continue to be employed
19 and paid a salary during the Plan Term by the Reorganized Debtor.

20 **5.8 Indemnification of Designated Responsible Individual.**

21 The Reorganized Debtor will indemnify Richard R. Ring, the Designated
22 Responsible Individual for the Debtor, for claims arising out of or related to his activities in
23 connection with the Chapter 11 Case, provided that no indemnification shall be required for
24 negligence, willful misconduct or fraud.

25 **5.9 Payments and Reports to the Office of the United States Trustee.**

26 The Reorganized Debtor will submit quarterly reports to the Office of the
27 United States Trustee summarizing the Distribution activity and will make quarterly
28

1 payments in accordance with 28 U.S.C. §1930(a)(6) based upon disbursements that are
2 Distributions under the Plan until entry of the order for final decree.

3 **5.10 Post-Confirmation Administration and Retention of Professionals.**

4 All fees and costs incurred after Confirmation in relation to the
5 implementation of the Plan, the making of Distributions under the Plan, the determination of
6 Claims, the enforcement of the obligations and rights of the Reorganized Debtor under the
7 Plan, and appeals, if any, shall be paid in full by the Reorganized Debtor, without further
8 review by, or order of, the Bankruptcy Court.

9 **5.11 Treatment of Executory Contracts and Unexpired Leases.**

10 The Plan provides that the Debtor will reject all executory contracts and
11 unexpired leases to which it was a party on the Filing Date except for certain executory
12 contracts and unexpired leases listed on Exhibit A to the Plan. Contracts and leases on
13 Exhibit A to the Plan will be assumed by the Debtor and assigned as provided on Exhibit A.
14 One unexpired lease for a Ford Econoline Van will be assumed to Restaurant Concepts,
15 LLC. The remainder of the executory contracts and unexpired leases will be assigned to the
16 Reorganized Debtor. As set forth in Section 5.5, confirmation of the Plan is conditioned
17 upon assumption of the unexpired restaurant leases for the Tukwila location. In addition, the
18 Reorganized Debtor will succeed to the Debtor's rights and obligations under contracts
19 entered into by the Debtor on or after the Filing Date. All Allowed Claims for defaults under
20 executory contracts and unexpired leases assumed and assigned at Confirmation will be paid
21 as Non-Classified General Administrative Claims under the Plan.

22 Claims for damages resulting from the Debtor's rejection of executory
23 contracts and unexpired leases at Confirmation must be filed with the Bankruptcy Court
24 within thirty (30) days after Confirmation and, will be Class 3 Claims under the Plan.

25 **ARTICLE VI.**

26 **PLAN FEASIBILITY**

27 The Debtor submits that the Plan is feasible based upon the projections
28 attached hereto as Exhibits B and C. The attached financial projections were prepared by the

1 Debtor and illustrate the Reorganized Debtor's projected cash flow during the prior to the
2 Effective Date and during the Plan Term.

3 The spreadsheet attached as Exhibit B provides the means by which the Debtor
4 will accrue funds due upon the Effective Date or shortly thereafter. The Debtor anticipates
5 that the Effective Date will be December 30, 2009. Prior to the Effective Date, counsel for
6 the Debtor will hold in its trust account funds to be used for payments due on the Effective
7 Date in the Plan. The Debtor will deposit into this account additional funds from operations
8 and special revenues as detailed on Exhibit B.

9 The financial projections attached as Exhibit C provide a conservative estimate
10 of the Reorganized Debtor's anticipated cash flow from future operations. The Debtor is
11 projecting revenue of \$3,320,000 from its operations in Tukwila, Washington during the Plan
12 Term. The projections take into account significant reductions in expenses and overhead
13 made by the Debtor during the Chapter 11 Case. The Distributions to be made in the Plan to
14 Fremont Bank and on account of Non-Classified Allowed Claims for priority taxes are
15 included as overhead line items in the projections. The Debtor believes these projections are
16 reasonable based on its fifteen years of experience at the Tukwila hotel.

17 In addition, the Distributions will be funded by the Reorganized Debtor's
18 portion of recoveries on the Capurro Judgment and litigation recoveries. The Capurro
19 Judgment recovery is based on the current monthly wage garnishments. The availability of
20 these funds is conditioned upon the ongoing employment of the Capurros at their current
21 wages and at their current garnishments. The Debtor anticipates recovering a portion of the
22 receivable due from RSLs, LLC, as well as potential recoveries on preferences.

23 **ARTICLE VII.**

24 **LIQUIDATION ANALYSIS**

25 Section 1129(a)(7)(A)(ii) of the Bankruptcy Code permits the Bankruptcy
26 Court to confirm the Plan only if each member of an impaired class of Claims or Interests
27 who has voted to reject the Plan receives or retains at least the amount or value that he or she
28

1 would receive if the Debtor were liquidated in a case under Chapter 7 of the Bankruptcy
2 Code.

3 Attached hereto as Exhibit D is a liquidation analysis for the Debtor. The
4 liquidation analysis assumes a Chapter 7 in which an appointed trustee would liquidate the
5 assets of the Debtor. In a Chapter 7, there would be no proceeds from continued operations
6 over the Plan Term. As a part of the DJONT Settlement Agreement, a portion of the
7 Debtor's inventory and equipment was transferred to DJONT. The liquidated value of the
8 Debtor's assets estimates that a trustee only would recover 30% of the value of the Debtor's
9 remaining inventory and 20% of the value of the Debtor's remaining restaurant equipment
10 based on the age and limited market for these items. In addition, the Capurro Judgment is
11 estimated to have an immediate recovery value of approximately 3%. Prior to the Filing
12 Date, the Debtor received a partial recovery on funds owed it through a settlement with the
13 Capurros. At this time, recovery on the judgment is through wage garnishments. The Debtor
14 potential value of avoidance actions by a trustee is relatively low as the amounts received by
15 individual creditors are relatively low, subject to statutory defenses and would incur costs of
16 recovery. The total estimated liquidation value of the Debtor's assets is approximately
17 \$537,400. The Debtor does not anticipate that general unsecured creditors will receive a
18 Distribution either under the Plan or through a Chapter 7. In a Chapter 7, the Debtor
19 anticipates that its assets will be insufficient to pay its priority Claims in full.

20 The liquidation analysis is based upon a number of estimates and assumptions
21 that, although developed and considered reasonable by the Debtor, are inherently subject to
22 significant economic and competitive uncertainties and contingencies beyond the control of
23 the Debtor. The liquidation analysis is also based upon assumption with regard to liquidation
24 decisions that are subject to change. Accordingly, there can be no assurance that the value
25 reflected would be realized if the Debtor were, in fact, to undergo such liquidation.

26 During the Chapter 7 liquidation period, assets would be sold immediately and
27 attempts would be made to collect receivables and to recover preference payments and
28 fraudulent conveyances, if any. Thereafter, estimated liquidation proceeds would be applied

1 to Claims pursuant to the priorities established under the Bankruptcy Code. The liquidation
2 analysis estimates that, in a case under Chapter 7 of the Bankruptcy Code, the Debtor's
3 general unsecured creditors would receive nothing and that there would be insufficient funds
4 to pay priority Claims in full.

5 **ARTICLE VIII.**
6 **CONFIRMATION**

7 **8.1 Voting.**

8 In order to confirm the Plan, with regard to each impaired class of creditors,
9 two-thirds in monetary amount and a majority of the number of Allowed Claims of creditors
10 who vote on the Plan must vote in favor of the Plan. Classes 2-A and 2-B are impaired under
11 the Plan and will be entitled to vote. Classes 3 and 4 will not receive a Distribution and are
12 deemed to have rejected the Plan. Only Claims as to which there is no pending objection
13 will be counted unless the Bankruptcy Court orders otherwise.

14 If a Class that is impaired under the Plan does not vote in favor of the Plan, or
15 is deemed to have rejected it, the Debtor must seek Confirmation under section 1129(b) of
16 the Bankruptcy Code. Requirements for Confirmation under section 1129(b) are discussed
17 in Section 8.5, below.

18 An acceptance or rejection of the Plan may be voted by completing and
19 signing the Ballot that accompanies the Plan and mailing it to Friedman Dumas &
20 Springwater LLP, 150 Spear Street, Suite 1600, San Francisco, California 94105, Attn:
21 Katherine Hollander, in an envelope marked "BALLOT" in the lower left hand corner. Only
22 the Ballot should be mailed and all Ballots must be received by September 11, 2009 at 5:00
23 p.m., Pacific Time.

24 **BALLOTS RECEIVED THAT ARE SIGNED BUT DO NOT DESIGNATE**
25 **ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED.**
26 **UNSIGNED BALLOTS WILL NOT BE COUNTED.**
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1 **8.2 Confirmation Standards.**

2 For the Plan to be confirmed and to be binding on all creditors and interest
3 holders, the Bankruptcy Court must determine that the requirements of section 1129(a) of the
4 Bankruptcy Code (except with regard to Confirmation under Section 9.5 below) have been
5 satisfied, including that at least one class of Claims that is impaired under the Plan has
6 accepted the Plan.

7 **8.3 Classification of Claims and Interests.**

8 The Bankruptcy Code requires that a plan of reorganization place each Claim
9 and Interest in a class with other Claims or Interests that are “substantially similar.” The
10 dollar amount of a Claim is usually not a basis upon which to distinguish it from other
11 Claims. The Debtor believes that the classification system set forth in the Plan meets the
12 Bankruptcy Code standard.

13 **8.4 Modification of the Plan.**

14 The Debtor may modify the Plan at any time before Confirmation. In the
15 event of a modification to the Plan, the Debtor may be required to provide additional
16 disclosure to creditors and other parties in interest with respect to the Plan as modified. Any
17 holder of a Claim that has accepted or rejected the Plan will be deemed to have accepted or
18 rejected, as the case may be, the Plan as modified, unless, within the time fixed by the
19 Bankruptcy Court, such holder changes his or her previous acceptance or rejection.

20 **8.5 Confirmation Without Acceptance by All Impaired Classes.**

21 Section 1129(b) of the Bankruptcy Code enables the Debtor to confirm the
22 Plan without the acceptance of one or more classes of Claims. As Classes 3 and 4 are
23 deemed to have rejected the Plan, the Debtor will seek Confirmation under section 1129(b)
24 of the Bankruptcy Code.

25 In order to be confirmed over the deemed rejection of Classes 3 and 4, the Plan
26 must provide that each holder of an Allowed Claim in such class either receive property of a
27 value, on the Effective Date, equal to the Allowed Claim or that no junior Claim or Interest
28 receive or retain anything on account of such Claim or Interest. The Bankruptcy Court must

1 also find that no senior class will receive more than 100% on account of its Allowed Claims.
2 The Debtor asserts that each of these requirements is satisfied by the Plan.

3 **8.6 Effect of Confirmation.**

4 If the Plan is confirmed, its terms and conditions will be binding on the
5 Debtor, the Reorganized Debtor, and all creditors and Interest holders, whether or not the
6 Claim or Interest of such creditor or Interest holder is impaired under the Plan, and whether
7 or not such creditor or Interest holder has accepted the Plan.

8 **ARTICLE IX.**

9 **FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

10 **9.1 Federal Income Tax Consequences in General.**

11 The following summary addresses certain material federal income tax
12 consequences of the implementation of the Plan to holders of Allowed Claims in Classes 1-4.
13 The summary is based on the Debtor's interpretation of the Internal Revenue Code of 1986,
14 as amended (the "Tax Code"), applicable treasury Regulations, judicial authority and current
15 administrative rulings and pronouncements of the Internal Revenue Service ("IRS"), all of
16 which are subject to change, possibly with retroactive effect. This information is not binding
17 on the IRS, and the Debtor will not request an administrative ruling from the IRS on any of
18 the federal income tax aspects of the Plan. The tax consequences described below are
19 general in nature and are subject to significant considerations applicable to each holder of an
20 Allowed Claims, or an allowed Interest.

21 THE FOLLOWING SUMMARY OF CERTAIN MATERIAL FEDERAL
22 INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY.
23 EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT
24 WITH HIS OR HER TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL
25 AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

26 **9.2 Federal Income Tax Consequences to the Debtor – Cancellation of Indebtedness.**

27 A taxpayer generally must include in gross income the amount of any
28 cancellation of indebtedness income ("COD income") realized during the taxable year.

1 Section 108 of the Tax Code provides an exception to this general rule; however, if the
2 cancellation occurs in a case under the Bankruptcy Code, but only if the taxpayer is under the
3 jurisdiction of the Bankruptcy Court and the cancellation is granted by the Bankruptcy Court
4 or is pursuant to a plan approved the Bankruptcy Court.

5 Section 108 of the Tax Code requires the amount of COD income excluded
6 from gross income based on the bankruptcy criteria to be applied to reduce certain tax
7 attributes of the taxpayer, including net operating losses and net operating loss carryovers,
8 certain tax credits and most tax credit carryovers, capital losses and capital loss carryovers,
9 tax bases in assets, and foreign tax credit carryovers. Attribute reduction is calculated only
10 after the tax for the year of discharge has been determined. Section 108 of the Tax Code
11 further provides that a taxpayer does not realize COD income from cancellation of
12 indebtedness to the extent that payment of such indebtedness would have given rise to a
13 deduction.

14 **9.3 Federal Income Tax Consequences of Holders of Claims in Classes 1-3.**

15 Generally, a holder of an Claim in Classes 1-3 will recognize gain or loss
16 equal to the difference, if any, between the “amount realized” by such holder and such
17 holder’s adjusted tax basis in the Claim. In general, the “amount realized” is equal to the
18 sum of the Cash, the “issue price” of any debt instruments, and the fair market value of any
19 other consideration received under the Plan in respect of the holder’s Allowed Claim. The
20 tax consequences will also be affected by whether the holder reports income on the accrual
21 or cash basis, whether the holder receives consideration in more than one tax year of the
22 holder and whether the holder has taken a bad debt deduction with respect to all or a portion
23 of its Claim.

24 **HOLDERS OF CLAIMS SHOULD CONSULT THEIR OWN TAX**
25 **ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL**
26 **INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR ALLOWED CLAIMS.**

1 **9.4 Federal Income Tax Consequences to Holders of Interests.**

2 The transactions contemplated by the Plan may cause some holders of
3 Interests in the Debtor to recognize income, including cancellation of indebtedness income,
4 with no corresponding cash distribution.

5 HOLDERS OF INTERESTS SHOULD CONSULT THEIR OWN TAX
6 ADVISORS CONCERNING THE TAX TREATMENT RELATED TO THEIR
7 INTERESTS UNDER THE PLAN.

8 **9.5 Withholding.**

9 The Reorganized Debtor will withhold all amounts required by law to be
10 withheld from payments to holders of Allowed Claims. In addition, such holders may be
11 required to provide certain tax information to the Reorganized Debtor, as the case may be, as
12 a condition of receiving Distributions under the Plans. The Reorganized Debtor will comply
13 with all applicable reporting requirements of the Tax Code.

14 **ARTICLE X.**

15 **CONCLUSION**

16 This Disclosure Statement has been presented for the purpose of enabling
17 creditors to make an informed judgment to accept or reject the Plan described herein.
18 Creditors are urged to read the Plan in full and consult with their counsel if questions arise.
19 The Debtor believes that acceptance of the Plan by creditors is in the best interests of all
20 parties in interest and that Confirmation of the Plan will provide the best recovery for
21 creditors.

22 DATED: July 30, 2009

R. RING ENTERPRISES, INC.
a California corporation

24 By: /s/ Richard R. Ring
25 _____ Richard R. Ring

26 FRIEDMAN DUMAS & SPRINGWATER LLP

27 By: /s/ M. Elaine Hammond
28 M. Elaine Hammond,
Attorneys for the Debtor

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EXHIBIT A
DEFINITIONS

The following definitions apply in the Plan:

“Allowed Claim” means a Claim against the Debtor to the extent that:

A proof of such Claim was:

Timely filed; or

Deemed filed because such Claim was included on the Debtor’s Schedules of Assets and Liabilities filed on September 22, 2008, as amended October 24, 2008, under Rule 1007 of the Federal Rules of Bankruptcy Procedure; and

Such Claim is:

Not a Claim as to which an objection has been filed; or

An Allowed Claim (and only to the extent allowed) by the Plan or a Final Order.

“Bankruptcy Code” means Title 11 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of California or, in the event such court ceases to exercise jurisdiction over this Chapter 11 Case, such court or adjunct thereof which thereafter exercises jurisdiction over this Chapter 11 Case.

“Cash” means cash and cash equivalents including, but not limited to, checks and other similar forms of payment or exchange.

“Chapter 11 Case” means this Chapter 11 Case filed by the Debtor on September 4, 2008.

“Claim” means any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1 “Common Stock” means the Common Stock of the Debtor.

2 “Confirmation” means entry of the Confirmation Order.

3 “Confirmation Order” means the order of the Bankruptcy Court, confirming this Plan.

4 “Distribution(s)” means the Cash or property to be distributed to holders of Allowed
5 Claims in accordance with this Plan.

6 “Effective Date” ” means December 30, 2009 or such other date as the Bankruptcy
7 Court shall order. In any case, within five (5) calendar days of the Effective Date the Debtor
8 shall file with the Bankruptcy Court a Notice of Effective Date.

9 “Filing Date” means September 4, 2008.

10 “Final Decree and Order Closing the Chapter 11 Case” means the entry of a Final
11 Order closing the Chapter 11 Case upon full consummation of the Plan.

12 “Final Order” means an order or judgment of the Bankruptcy Court as to which the
13 time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as
14 to which no appeal, petition for certiorari, or proceedings for reargument or rehearing shall
15 then be pending or, in the event that an appeal, writ of certiorari, reargument or rehearing
16 thereof has been sought, such order or judgment of the Bankruptcy shall have been affirmed
17 by the highest court to which such order or judgment was appealed, or from which
18 reargument or rehearing was sought, or certiorari has been denied, and the time to take any
19 further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

20 “Interest” means an equity security of the Debtor including, but not limited to, the
21 Common Stock, and warrants, options, or other rights exercisable or convertible into such
22 stock.

23 “Non-Classified Claims” means Claims of the type described in Article III of this
24 Plan.

25 “Notice Procedure” means the procedure for action by the Reorganized Debtor as set
26 forth in Section 5.7.4 of this Plan.

27 “Plan” means this Plan of Reorganization submitted by the Debtor, as it may be
28 amended from time to time.

1 “Plan Term” means the period from the Effective Date through February 1, 2011.

2 “Pro Rata” means proportionately so that the ratio of the value of the Distribution on
3 account of an Allowed Claim in a class to the aggregate Distributions on account of all
4 Allowed Claims in such class is the same as the ratio of the amount of such Allowed Claim
5 to the aggregate of all Allowed Claims in the class.

6 “Reorganized Debtor” means the Debtor on and after the Effective Date of the Plan.

7 “Unclaimed Property” means any funds (together with any interest earned thereon)
8 that are unclaimed on the sixtieth (60th) day following a Distribution. Unclaimed Property
9 shall include (a) checks (and the funds reserved thereby) that have been returned as
10 undeliverable without a proper forwarding address, (b) funds for checks that have not been
11 honored within sixty (60) days after a Distribution, and (c) checks (and the funds reserved
12 thereby) that were not mailed or delivered because of the absence of a proper address to
13 which to mail or deliver such checks. The date of a Distribution to the holder of an Allowed
14 Claim or Interest shall be the date of the check issued to such holder.

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EXHIBIT B
EFFECTIVE DATE PLAN FUND ACCRUAL

EXHIBIT B

EFFECTIVE DATE PLAN FUND ACCRUAL
R. Ring Enterprises, Inc., Case No. 08-44903 EDJ

<u>Source of Funds</u>	<u>Income</u>	<u>Expenses</u>	<u>Deposit into Plan Fund</u>
Segregated Funds			\$30,000.00
August 2009 Operations	\$231,000.00	\$223,000.00	\$5,000.00
September 2009 Operations	\$277,000.00	\$213,000.00	\$55,000.00
October 2009 Operations	\$295,000.00	\$240,000.00	\$40,000.00
November 2009 Operations	\$263,000.00	\$242,000.00	\$15,000.00
December 2009 Operations	\$371,000.00	\$290,000.00	\$70,000.00
RSLs Recovery			\$45,000.00
Sale of Liquor License			\$7,000.00
Contribution from Restaurant Concepts			\$95,000.00
			\$362,000.00

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EXHIBIT C
FINANCIAL PROJECTIONS

REST NAME 2009	2009	2009	2009
ALL ROLL - UP	OCT.	NOV.	DEC.
WITH OVERHEAD			

FOOD SALES	190,000	150,000	195,000
LIQUOR SALES	45,000	35,000	45,000
TOTAL SALES	235,000	185,000	240,000
FOOD COSTS	48,800	38,600	50,000
BAR COSTS	8,000	6,300	8,000
TOTAL COGS	56,800	44,900	58,000
RAW LABOR	40,100	31,100	39,100
RELATED LABOR	12,000	9,000	12,000
MANAGEMENT	54,100	45,680	45,680
TOTAL LABOR	106,200	85,780	96,780
ADVERTISING	750	600	600
PROMOTION	5,000	4,000	4,000
ENTERTAINMENT	4,087	2,176	3,000
REPAIRS & MAINTENANCE	1,000	800	1,000
OPERATING SUPPLIES	7,520	5,920	7,680
CASH HANDLING	7,000	5,500	7,200
UTILITIES	5,356	6,000	7,500
TAXES & FEES	111	111	111
GENERAL EXPENSE	39,280	37,415	38,500
OTHER INCOME	(28,000)	(18,000)	(12,000)
HOTEL MGMT DISC	2,061	1,200	1,200
COMP AREA NET	(287)	(260)	(317)
ADMIN EXPENSE	257	194	195
TOTAL EXPENSE	44,135	45,656	58,669
GROSS OPERATING PROFIT	27,865	8,664	26,551
RENT	22,300	22,300	22,300
ADJUSTED G.O.P.	5,565	(13,636)	4,251

REST NAME	2009	2009	2009
Corporate	OCT.	NOV.	DEC.
2009			

OVERHEAD			
Management Payroll	27,000	24,000	24,000
TOTAL LABOR	27,000	24,000	24,000
Office Supplies (Gen Exp)	0	200	0
General Expense	1,500	1,500	1,500
Bank Charges (Gen Exp)	600	600	600
Interest (Gen Exp)	0	0	0
Bank Loan Principal Gen Exp	5,000	5,000	5,000
Subtotal-General Expense	7,100	7,300	7,100
Utilities	500	500	500
Rent	2,500	2,500	2,500
TOTAL EXPENSES	10,100	10,300	10,100
Legal	1,500	1,500	1,500
US bank Trustee	542	0	0
State Tax 11%	0	0	
Federal Tax 25%	0	0	
Old Vendors	0	0	0
Sales Tax	24,000	24,000	24,000
Sub total (Gen Exp)	26,042	25,500	25,500
Total Overhead	63,142	59,800	59,600

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REST NAME 2010 ALL ROLL -UP WITH OVERHEAD	2010 JAN.	2010 FEB.	2010 MAR.	2010 APRIL	2010 MAY	2010 JUNE	2010 JULY	2010 AUG.	2010 SEPT.	2010 OCT.	2010 NOV.	2010 DEC.	2010 TOTAL
FOOD SALES	155,000	150,000	150,000	175,000	150,000	150,000	175,000	145,000	170,000	205,000	160,000	214,000	1,999,000
LIQUOR SALES	45,000	30,000	30,000	40,000	30,000	30,000	40,000	35,000	35,000	40,000	35,000	51,000	441,000
TOTAL SALES	200,000	180,000	180,000	215,000	180,000	180,000	215,000	180,000	205,000	245,000	195,000	265,000	2,440,000
FOOD COSTS	37,300	38,000	38,000	44,975	38,000	37,265	44,975	37,300	43,700	52,600	40,900	55,000	508,015
BAR COSTS	7,650	5,400	5,400	7,200	5,400	5,400	7,200	6,300	6,300	7,200	6,300	9,200	78,950
TOTAL COGS	44,950	43,400	43,400	52,175	43,400	42,665	52,175	43,600	50,000	59,800	47,200	64,200	586,965
RAW LABOR	29,900	25,280	27,700	35,960	29,600	29,600	35,960	29,900	34,360	40,860	32,260	46,860	398,240
RELATED LABOR	9,000	7,000	8,000	10,800	9,000	9,000	10,800	9,000	10,000	12,000	9,000	15,000	118,600
MANAGEMENT	58,000	48,800	45,800	56,000	45,800	45,800	54,000	42,800	45,800	58,000	45,800	48,800	595,400
TOTAL LABOR	96,900	81,080	81,500	102,760	84,400	84,400	100,760	81,700	90,160	110,860	87,060	110,660	1,112,240
ADVERTISING	750	600	600	750	600	600	750	600	600	750	600	600	7,800
PROMOTION	5,000	4,000	4,000	5,000	4,000	4,000	5,000	4,000	4,000	5,000	4,000	4,000	52,000
ENTERTAINMENT	3,500	2,800	2,800	3,500	2,800	2,800	3,500	2,800	3,200	3,500	2,800	2,800	36,800
REPAIRS & MAINTENANCE	1,000	800	800	1,000	800	800	1,000	800	800	1,000	800	800	10,400
OPERATING SUPPLIES	5,760	5,760	5,280	6,880	5,600	5,600	6,880	5,760	6,560	7,840	6,240	8,480	76,640
CASH HANDLING	5,400	4,500	4,900	6,400	5,200	5,200	6,400	5,400	6,100	7,000	5,800	8,500	70,800
UTILITIES	6,000	6,000	5,700	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	8,500	74,200
TAXES & FEES	100	50	50	50	50	50	50	50	50	50	50	50	650
GENERAL EXPENSE	36,542	35,000	35,400	37,442	35,400	35,400	37,442	35,400	35,706	37,980	35,715	37,800	435,227
OTHER INCOME	(30,000)	(28,000)	(28,000)	(30,000)	(28,000)	(28,000)	(30,000)	(28,000)	(23,000)	(20,000)	(20,000)	(14,000)	(307,000)
HOTEL MGMT DISC	1,200	1,000	1,000	1,200	1,000	1,000	1,200	1,000	1,000	1,200	1,000	1,000	12,800
COMP AREA NET	0	0	0	0	0	0	0	0	0	0	0	0	0
ADMIN EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSE	35,252	32,510	32,530	38,222	33,450	33,450	38,222	33,810	41,016	50,320	43,005	58,530	470,317
GROSS OPERATING PROFIT	22,898	23,010	22,570	21,843	18,750	19,485	23,843	20,890	23,824	24,020	17,735	31,610	270,478
RENT	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	267,600
ADJUSTED G.O.P.	598	710	270	(457)	(3,550)	(2,815)	1,543	(1,410)	1,524	1,720	(4,565)	9,310	2,878

REST NAME Corporate 2010	2010 JAN.	2010 FEB.	2010 MAR.	2010 APRIL	2010 MAY	2010 JUNE	2010 JULY	2010 AUG.	2010 SEPT.	2010 OCT.	2010 NOV.	2010 DEC.	2010 TOTAL
OVERHEAD													
Management Payroll	27,000	24,000	21,000	25,000	21,000	21,000	23,000	18,000	21,000	27,000	21,000	24,000	273,000
TOTAL LABOR	27,000	24,000	21,000	25,000	21,000	21,000	23,000	18,000	21,000	27,000	21,000	24,000	273,000
Office Supplies (Gen Exp)	200	0	0	200	0	0	200	0	0	200	0	0	800
General Expense	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Bank Charges (Gen Exp)	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Fremont Bank Principal	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Other Expense (Gen Exp)	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal-General Expense	7,300	7,100	7,100	7,300	7,100	7,100	7,300	7,100	7,100	7,300	7,100	7,100	86,000
Utilities	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Rent	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
TOTAL EXPENSES	10,300	10,100	10,100	10,300	10,100	10,100	10,300	10,100	10,100	10,300	10,100	10,100	122,000
Legal	0	0	0	0	0	0	0	0	0	0	0	0	0
US bank Trustee	542	0	0	542	0	0	542	0	0	542	0	0	2,168
(OPEN)	0	0	0	0	0	0	0	0	0	0	0	0	0
(OPEN)	0	0	0	0	0	0	0	0	0	0	0	0	0
Old Vendors	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	288,000
Sub total (Gen Exp)	24,542	24,000	24,000	24,542	24,000	24,000	24,542	24,000	24,000	24,542	24,000	24,000	290,168
Total Overhead	61,842	58,100	55,100	59,842	55,100	55,100	57,842	52,100	55,100	61,842	55,100	58,100	685,168

REST NAME	2011
ALL ROLL -UP	2011
WITH OVERHEAD	JAN.

FOOD SALES 180,000
 LIQUOR SALES 40,000
TOTAL SALES 220,000

FOOD COSTS 47,700
 BAR COSTS 7,600
TOTAL COGS 55,300

RAW LABOR 39,510
 RELATED LABOR 13,200
 MANAGEMENT 56,500
TOTAL LABOR 109,210

ADVERTISING 750
 PROMOTION 5,000
 ENTERTAINMENT 4,250
 REPAIRS & MAINTENAN 2,200
 OPERATING SUPPLIES 7,040
 CASH HANDLING 4,840
 UTILITIES 5,750
 TAXES & FEES 100
 GENERAL EXPENSE 37,562
 OTHER INCOME (36,000)
 HOTEL MGMT DISC 1,887
 COMP AREA NET (226)
 ADMIN EXPENSE 88
TOTAL EXPENSE 33,241

GROSS OPERATING PF 22,249

RENT 22,300

ADJUSTED G.O.P. (51)

REST NAME	
Corporate	2011
2011	JAN.

OVERHEAD
Management Payroll 20,500
TOTAL LABOR 20,500

Office Supplies (Gen Exp) 200
 General Expense 1,500
 Bank Charges (Gen Exp) 600
 Fremont Bank Principal 5,000
 Other Expense (Gen Exp) 0
Subtotal-General Exper 7,300
 Utilities 500
 Rent 2,500
TOTAL EXPENSES 10,300

Legal 0
 US bank Trustee 542
 (OPEN) 0
 (OPEN) 0
 Old Vendors 0
 Sales Tax 24,000
Sub total (Gen Exp) 24,542

Total Overhead 55,342

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EXHIBIT D
LIQUIDATION ANALYSIS

EXHIBIT D

LIQUIDATION ANALYSIS
R. Ring Enterprises, Inc., Case No. 08-44903 EDJ

Statement of Assets (as of July 30, 2009)

Assets	Value	Estimated % Recovery in Ch. 7	Estimated Liquidation Value
Cash	\$96,000	100%	\$96,000
Termination Payment from DJONT Settlement	\$30,000	100%	\$30,000
Accounts Receivable (Hotel Charges)	\$45,000	100%	\$75,000
Account Receivable (RSLs)	\$104,000	40%	\$41,600
Judgment – Cindy Capurro (1)	\$407,221	3%	\$12,216
Inventory (food, liquor, paper)	\$25,000	30%	\$7,500
Office Equipment	\$20,000	0%	\$0
Restaurant Equipment	\$10,000	20%	\$2,000
Automobiles	\$25,000	30%	\$7,500
Potential recoveries from litigation	\$61,000	60%	\$36,600
Total Assets	\$823,221		\$308,416

Application of Estimated Liquidation Proceeds

Estimated Liquidation Proceeds	\$308,416
Less Estimated Liquidation Expenses:	
Chapter 7 Trustee Fees (5%)	(\$15,421)
Other Chapter 7 Administrative Expenses (2)	(\$15,000)
Less Proceeds Subject to Fremont Bank's lien (3)	(\$229,600)
Less Proceeds Subject to Sysco's lien	(\$2,793)
 Net Estimated Liquidation Proceeds	 \$45,602
 Less Priority Wage Claims	 (\$20,000)
Less Priority Tax Claims	(\$391,000)
 Available funds for general unsecured creditors	 \$0

- (1) Estimated immediate recovery available. Recovery on the Capurro Judgment is shared with Restaurant Concepts, LLC.
- (2) Estimated minimum in attorneys' fees and other administrative expenses to be incurred in a liquidation under Chapter 7.
- (3) Fremont Bank has a lien on cash, accounts receivables, inventory, equipment and related proceeds.

EXHIBIT B

FORM OF BALLOT

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re:
R. RING ENTERPRISES, INC.
Debtor.

Case No. 08-44903 EJ

Chapter 11

Jointly Administered with
Case No. 08-44907 and
Case No. 08-44910

BALLOT FOR ACCEPTING OR REJECTING
PLAN OF REORGANIZATION
(JULY 30, 2009)

Secured Claim - (Class 2-)

R. Ring Enterprises, Inc. filed a Plan of Reorganization dated July 30, 2009 (the "Plan"). The Bankruptcy Court has approved a disclosure statement with respect to the Plan. The Disclosure Statement provides information to assist you in deciding whether to vote for or against the Plan. You should review the Disclosure Statement and the Plan before you vote. **IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT IT WILL BE BINDING ON YOU WHETHER OR NOT YOU VOTE.**

Only original ballots will be counted. All ballots must be received by Friedman Dumas & Springwater LLP, 150 Spear Street, Suite 1600, San Francisco, California, Attn: Katherine Hollander on or before 5:00 p.m., Pacific Time, on September 11, 2009. Ballots that are signed but do not indicate acceptance or rejection of the Plan, late ballots, and unsigned ballots will not count as either an acceptance or rejection of the Plan.

ACCEPTANCE OR REJECTION OF THE PLAN

The undersigned holder of a claim against the Debtor:

ACCEPTS THE PLAN

REJECTS THE PLAN

Print Creditor Name: _____

Signature: _____

Title (if applicable): _____

Address: _____

Email: _____

Tax ID No.: _____

Please be sure to completely fill out the section regarding creditor information. If you have questions regarding this ballot, please contact Katherine Hollander, by e-mail at khollander@friedumspring.com, by written request to Friedman Dumas & Springwater LLP, 150 Spear Street, Suite 1600, San Francisco, California 94105, Attn.: Katherine Hollander, or by facsimile to (415) 834-1044.

EXHIBIT C

NOTICE

1 FRIEDMAN DUMAS & SPRINGWATER LLP
2 CECILY A. DUMAS (S.B. NO. 111449)
3 M. ELAINE HAMMOND (S.B. NO. 197444)
4 150 Spear Street, Suite 1600
5 San Francisco, CA 94105
6 Telephone Number: (415) 834-3800
7 Facsimile Number: (415) 834-1044

8 Attorneys for Debtors
9 R. Ring Enterprises, Inc., et al.

10 UNITED STATES BANKRUPTCY COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 OAKLAND DIVISION

13 In re
14 R. RING ENTERPRISES, INC., et al.
15 Debtors.

16 Chapter 11
17 Case No. 08-44903 EDJ
18 Jointly Administered with
19 Case No. 08-44907 and
20 Case No. 08-44910

21 **NOTICE OF:**

- 22 (1) **R. RING ENTERPRISES, INC.'S
23 DISCLOSURE STATEMENT FOR
24 PLAN OF REORGANIZATION
25 (JULY 30, 2009),**
- 26 (2) **R. RING ENTERPRISES, INC.'S
27 PLAN OF REORGANIZATION
28 (JULY 30, 2009), AND**
- (3) **HEARING ON PLAN
CONFIRMATION AND RELATED
DEADLINES**

Date: September 24, 2009
Time: 2:30 p.m.
Place: 1300 Clay Street, Courtroom 215
Oakland, California
Judge: Edward D. Jellen

**TO ALL CREDITORS WITH CLAIMS IN AN UNIMPAIRED CLASS OR A CLASS
DEEMED TO REJECT THE PLAN OF REORGANIZATION:**

PLEASE TAKE NOTICE THAT on September 24, 2009 at 2:30 p.m., or as
soon thereafter as the matter can be heard, before the Honorable Edward D. Jellen, United

1 States Bankruptcy Judge, R. Ring Enterprises, Inc. (“Debtor”), debtor and debtor in
2 possession, in these jointly administered chapter 11 cases, will seek confirmation of its Plan
3 of Reorganization dated July 30, 2009 (the “Plan”). The Plan, and the proposed treatment of
4 creditors, is described in the court-approved Disclosure Statement.

5 **PLEASE TAKE FURTHER NOTICE** that copies of the Plan and Disclosure
6 Statement are available online at www.friedumspring.com/caseinformation.html or by
7 contacting Katherine Hollander at khollander@friedumspring.com or (415) 834-3800.

8 **PLEASE TAKE FURTHER NOTICE** that in accordance with the order
9 entered _____ approving the Disclosure Statement (the “Order”), **September 11, 2009**
10 **at 5:00 p.m.** is fixed as the last day for submitting written acceptances or rejections of the
11 Plan.

12 **PLEASE TAKE FURTHER NOTICE** that in accordance with the Order, the
13 deadline for filing and serving written objections to confirmation of the Plan is September 24,
14 2009.

15 This Notice is being served, by regular mail, on all creditors in the Debtor’s
16 Chapter case that have been identified by the Debtor as having claims in an unimpaired class
17 of claims pursuant to the Plan or claims in a class that is deemed to reject the Plan on the
18 basis it will receive no distribution. Additional information regarding the Plan or Disclosure
19 Statement can be obtained by contacting the undersigned.

20 Dated: FRIEDMAN DUMAS & SPRINGWATER LLP

21
22 By: _____
23 M. Elaine Hammond
24 Attorneys for the Debtors

25
26 **** END OF ORDER ****

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Court Service List

M. Elaine Hammond
Friedman Dumas & Springwater LLP
150 Spear Street, Suite 1600
San Francisco, CA 94105

Terrance L. Stinnett, Esq.
Fremont Bank
39150 Fremont Blvd.
Fremont, CA 94538

Maggie McGee, Esq.
Office of the US Trustee
1301 Clay St. #690N
Oakland, CA 94612