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Chapter 7 Trustee

7 **UNITED STATES BANKRUPTCY COURT**
8 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

9 In re:

10 PHILO GROUP, LLC

11 Debtors.

Case No. 2:22-bk-16139-VZ

Chapter 7

CHAPTER 7 TRUSTEE'S MOTION FOR ORDER: (1) AUTHORIZING SALE OF ESTATE'S RIGHT, TITLE, AND INTEREST IN ALCOHOLIC BEVERAGE CONTROL LICENSE; (2) DETERMINING THAT BUYER IS A GOOD FAITH PURCHASER; (3) APPROVING OVERBID PROCEDURES; (4) WAIVING THE FOURTEEN (14) DAY STAY PRESCRIBED BY RULE 6004(h) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF HOWARD M. EHRENBERG, AND JASON B. KHO (AAA LIQUOR LICENSE CONSULTING) IN SUPPORT THEREOF

**[Type 47 On-Sale General Eating Place
Liquor License No. 47-537014]**

11 U.S.C. §§ 363(b), and Local Bankruptcy Rule 6004(a)

Date: March 21, 2023

Time: 11:00 a.m.

Place: Courtroom 1368

Roybal Federal Building

255 East Temple Street

Los Angeles, California 90012

26 **TO THE HONORABLE VINCENT P. ZURZOLO, UNITED STATES BANKRUPTCY**
27 **JUDGE; THE OFFICE OF THE UNITED STATES TRUSTEE; THE DEBTOR AND ITS**
28 **ATTORNEY OF RECORD; AND ALL OTHER INTERESTED PARTIES:**

1 Howard M. Ehrenberg, the Chapter 7 Trustee ("Trustee") of the bankruptcy estate
2 ("Estate") of Philo Group, LLC ("Debtor") respectfully requests an order (1) authorizing the
3 Trustee to sell ("Sale") the Estate's right, title, and interest in a Type 47 On-Sale General Eating
4 Place Liquor License No. 47-537014 ("License"), and (2) approving the overbid procedures set
5 forth in this motion ("Motion").

6 The Trustee has accepted an offer from Lustig LLC, a California limited liability company
7 (or its nominee) ("Purchaser"), through its' broker, Jason B. Kho of AAA Liquor License
8 Consulting, to purchase the License for \$135,000.00 ("Purchase Price"), subject to the terms and
9 conditions of the "Escrow Instructions Sale of Alcoholic Beverage Control License" ("Sale
10 Agreement"), which includes approval of this Court. A copy of the Sale Agreement is attached to
11 the Declaration of Howard M. Ehrenberg as **Exhibit 1** and incorporated herein by this reference.

12 The License is being sold on an "as is, where is" basis, with no warranties, recourse,
13 contingencies, or representations, expressed or implied, of any kind.

14 This Motion is brought to authorize the sale of the License to the Purchaser. Purchaser is
15 solely responsible for the costs of the proposed Sale. This Sale is subject to overbid and the Trustee
16 requests that the Court adopt the overbid procedures described below. The Trustee also seeks an order
17 deeming the Purchaser to be a good-faith purchaser under 11 U.S.C. §363(m), and waiving the
18 fourteen (14) day stay prescribed by FRBP 6004(h).

19 In support of this Motion, the Trustee will rely on these moving papers, the Memorandum
20 of Points and Authorities, the attached declarations of Howard M. Ehrenberg and Jason B. Kho, as
21 well as the terms of the sale detailed in the Escrow Instructions between the parties, and the other
22 pleadings and orders already on file in this case, and on such other arguments and evidence as may
23 be presented by counsel at the time of the hearing.

24 **WHEREFORE**, the Trustee respectfully requests that this Court enter an order:

- 25 1. Granting this Motion;
- 26 2. Approving the above sale of the License to the Purchaser, or alternatively, to any
27 higher Overbidder, in accordance with procedures described herein;

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **STATEMENT OF FACTS AND OVERBID PROCEDURES**

4 **A. Case Background**

5 On November 9, 2022, the Debtor filed a voluntary petition under Chapter 7 of the
6 Bankruptcy Code. Howard M. Ehrenberg was thereafter appointed as Chapter 7 Trustee for the
7 Debtor's bankruptcy estate, and he continues to act in that capacity.

8 The Debtor filed its initial schedules which disclosed an interest in a Type 47 General
9 Liquor License No. 47-537014 ("License") with a scheduled value of \$150,000.00. See Schedule
10 A/B: Property [Docket No. 1]. The Debtor amended Schedule A/B on November 22, 2022
11 [Docket No. 14] to schedule restaurant furniture and equipment with a total scheduled value of
12 \$10,000.00.

13 Following the commencement of the case, the Trustee contacted liquor license broker
14 Jason B. Kho to research the License and determine its salability. The Trustee determined that the
15 License was not in good standing and was in the process of being seized and sold by the California
16 Department of Tax & Fee Administration ("CDTFA"). After further discussion with the CDTFA,
17 the Trustee was able to apply for reinstatement with the Alcohol Beverage Control ("ABC"). The
18 CDTFA has agreed to allow the sale of the License subject to payment of approximately
19 \$12,248.24 in past due taxes. With no funds on hand, Mr. Kho agreed to advance \$2,535.00 to the
20 estate an amount necessary to pay the license renewal fee to ABC. This allowed the Trustee to
21 find a potential buyer for the License.

22 After examination of the Debtor's principal, the Trustee determined that the Estate's
23 interest in the remaining restaurant furniture and equipment which was stored at 4720 W Avenue
24 L #14, Lancaster, CA was of inconsequential value to the Estate and formally abandoned the
25 assets [Docket No. 33]. On or about December 27, 2022, the Estate received a check from the
26 State of California in the amount of \$38,214.37 described as an overpayment refund from the
27 Employment Development Department due to the Debtor.

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1 **B. The Proposed Sale**

2 Subject to Court approval, and pursuant to the terms of the Sale Agreement, a true and
3 correct copy of which is attached hereto as **Exhibit 1**, the Trustee proposes to sell the License.
4 The essential terms of the proposed Sale are as follows:

5 Purchaser: Lustig LLC, a California limited liability company (or its nominee)
6 ("Purchaser").

7 Purchase Price: \$135,000.00 ("Purchase Price"). The Purchaser shall be liable for
8 payment of the License transfer fee, the License renewal fee, if necessary, and all fees payable to
9 Jason B. Kho of AAA Liquor License Consulting, who is acting as the liquor license broker for
10 the Purchaser in this matter.

11 Condition of License: License purchased "as-is" and without any representations
12 or warranties of any kind.

13 Liens: California Department of Tax & Fee Administration: The CDTFA is owed
14 approximately \$12,248.24 in past due taxes ("CDTFA Lien"). The CDTFA Lien will be paid
15 from sale proceeds without further order of the Court.

16 **C. The Proposed Overbid Procedures**

17 While the Trustee is prepared to consummate the Sale with the Purchaser, he is also
18 interested in obtaining the maximum price for the License. Therefore, the Trustee seeks approval
19 of the following overbid procedures: (1) any party interested in submitting an overbid on the
20 License shall advise the Trustee of its intent to bid by no later than 12:00 p.m. one business day
21 before the hearing on this motion ("Overbid Deadline"); (2) an overbid will be defined as an initial
22 overbid of \$140,000.00; (3) overbidders (except for the Purchaser) must deliver a deposit to the
23 Trustee by way of cashier's check made payable to "Howard M. Ehrenberg, Chapter 7 Trustee of
24 the Bankruptcy Estate of Philo Group LLC" in the amount of \$13,500 ("Deposit") by no later than
25 the Overbid Deadline; (4) overbidders must purchase the License on the same terms and
26 conditions as the Purchaser; (5) the Deposit of the successful overbidder shall be forfeited if such
27 party is thereafter unable to complete the purchase of the License within 30 days of entry of the
28 order confirming the Sale; and (6) in the event the successful overbidder cannot timely complete

1 the purchase of the License, the Trustee shall be authorized to proceed with the Sale to the next
2 highest overbidder.

3 The Trustee believes that the proposed overbid procedure, notice of which has been given
4 to all creditors and interested parties as well as the posting of a Form 6004-2: "Notice of Sale of
5 Estate Property" on each of (1) this Court's website, and (2) Danning Gill Israel & Krasnoff
6 Marketplace website (danninggill.com/bankruptcy-sales-2), from the date of this Motion up
7 through and including the hearing date, will maximize the price ultimately obtained for the
8 License as well as protect the Estate from parties who may wish to participate in the overbid
9 procedure, but who are ultimately unable to consummate the Sale transaction.

10 The Trustee believes the proposed overbid procedures are fair and equitable and requests
11 the Court authorize the overbid procedures proposed herein.

12 **D. Notice to Creditors**

13 Notice of filing of this Motion will be transmitted to all creditors of this Estate in
14 accordance with Rules 2002(a)(2) and 6004(a) of the Federal Rules of Bankruptcy Procedure, and
15 is being filed concurrently herewith.

16 **II.**

17 **ARGUMENT**

18 **A. The Proposed Sale Is In The Best Interests Of The Estate**

19 Section 363(b)(1) of the Bankruptcy Code provides that:

20 The trustee, after notice and a hearing, may use, sell,
21 or lease, other than in the ordinary course of business,
property of the estate.

22 11 U.S.C. § 363(b)(1). The standard of review used in determining approval of a proposed
23 sale of property is whether sound business reasons support the sale outside the ordinary course of
24 business. *In re Walter*, 83 B.R. 14, 19 (B.A.P. 9th Cir. 1988); *In re Lionel Corp.*, 722 F.2d 1063,
25 1066 (2d Cir. 1983). In order for a sale to be approved under Bankruptcy Code § 363, the
26 purchase price must be fair and reasonable. *In re Coastal Indus., Inc.*, 63 B.R. 361 (Bankr. N.D.
27 Ohio 1986).

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1 In the present case, the Trustee believes that the Sale of the License under the terms and
2 conditions set forth above and in the Escrow Instructions is supported by sound business reasons
3 and is in the best interests of the Estate. First, the Trustee has verified with a prominent local
4 broker that \$135,000.00 is a fair price for the License. *See* declaration of Jason B. Kho. Second,
5 the Trustee has proposed an overbid procedure to ensure that the Estate receives the highest and
6 best price for the License at the hearing. Third, the proposed Sale will generate \$135,000.00 for
7 the benefit of the Estate. Thus, the proposed Sale represents a sound exercise of the Trustee's
8 business judgment.

9 **B. The Bankruptcy Court Has The Authority To Implement Proposed Overbid**
10 **Procedures**

11 Implementation of the bidding procedures is an action outside of the ordinary course of
12 business. Section 363(b)(1) of the Bankruptcy Code provides that a trustee "after notice and
13 hearing, may use, sell, or lease, other than in the ordinary course of business, property of the
14 estate." 11 U.S.C. § 363(b)(1). Furthermore, under Bankruptcy Code § 105(a) "[t]he court may
15 issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of
16 this title." 11 U.S.C. § 105(a). Thus, pursuant to Bankruptcy Code §§ 363(b)(1) and 105(a), this
17 Court may authorize the implementation of overbid procedures.

18 This Court may issue orders determining the terms and conditions for overbids with
19 respect to a sale of estate assets, including specifying the minimum consideration required for an
20 overbid, the particular contractual terms required to be offered by overbidders, and requiring and
21 setting the amount of potential overbidder's deposits. *In re Crown Corporation*, 679 F.2d 774 (9th
22 Cir. 1982). The overbid procedures proposed in this Motion will ensure that the License will
23 generate the greatest possible value to the Estate.

24 **C. Sale Made In Good Faith**

25 "Good faith encompasses fair value, and further speaks to the integrity of the transaction."
26 *In re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 842 (Bankr. C.D. Cal. 1991) (internal quotation
27 marks omitted). Bad faith includes collusion between buyer and seller or otherwise taking unfair
28 advantage of other potential purchasers, such as a collusive insider transaction.; *id.*; *see also In re*

1 *Indus. Valley Refrigeration & Air Conditioning Supplies, Inc.*, 77 B.R. 15, 17 (Bankr. E.D. Pa.
2 1987).

3 The Purchaser is not an insider or affiliate of the Debtor. The Sale of the Estate's interest
4 in the License was negotiated at arms' length. *See* Declaration of Jason B. Kho. There is no fraud
5 or collusion present here, and the Purchaser received no special treatment or consideration. As a
6 result, the Sale is made in good faith.

7 **E. Waiver of the Fourteen-Day Period for Effectiveness of Sale Order**

8 Rule 6004(h) provides that “[a]n order authorizing the use, sale, or lease of property other
9 than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the
10 court orders otherwise.” FRBP 6004(h). The legislative history to Rule 6004 provides:

11 The court may, in its discretion, order that Rule 6004(g) [now
12 6004(h)] is not applicable so that the property may be used, sold, or
13 leased immediately in accordance with the order entered by the
14 court. Alternatively, the court may order that the stay under Rule
15 6004(g) [now 6004(h)] is for a fixed period less than 10 [now 14]
16 days.

17 Given the notice and full opportunity to object, respond, or participate in overbid
18 procedures presented by this Motion, the Trustee believes that, unless there are objections to the
19 Motion that are not consensually resolved, it is appropriate and good cause exists for the Court to
20 order that Rule 6004(h) is not applicable, and the Estate's interest in the License may be sold
21 immediately. Accordingly, the Trustee requests that the Court authorize the Sale to be effectuated
22 immediately upon entry of the order approving this Motion.

23 **III.**

24 **CONCLUSION**

25 For the reasons set forth above, the Trustee requests that the Court enter an order
26 approving the Sale of the License and granting the other relief requested in the Motion.
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1 DATED: February 23, 2023

Respectfully submitted,

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/s/ Howard Ehrenberg

Howard M. Ehrenberg

Chapter 7 Trustee

1 **DECLARATION OF HOWARD M. EHRENBERG**

2 I, Howard M. Ehrenberg, hereby declare as follows:

3 1. I am the duly appointed, qualified, and acting Chapter 7 Trustee for the bankruptcy
4 estate of Philo Group, LLC ("Debtor"). I make this declaration solely in my capacity as Chapter 7
5 Trustee. Unless otherwise stated, the facts set forth in this declaration are personally known to me
6 and if called as a witness, I could and would competently testify thereto. I make this declaration in
7 support of the foregoing Motion.

8 2. Among the assets of this Estate is a Type 47 On-Sale General Eating Place Liquor
9 License No. 47-537014 ("License").

10 3. I contacted Jason B. Kho of AAA Liquor License Consulting, a prominent local
11 liquor license broker, regarding a fair price for the License. Mr. Kho verified that \$135,000.00 is
12 a fair price for the License. Because of the continuing marketing efforts of Mr. Kho, I propose to
13 sell the Estate's right, title, and interest in the License to Lustig LLC (or its nominee) for \$135,000.00
14 ("Purchase Price") pursuant to the terms of the Escrow Instructions between the parties, a true and
15 correct copy of which is attached hereto as **Exhibit 1** and incorporated herein by reference. The License
16 is being sold "as is, where is: basis, with no warranties, recourse, contingencies, or representations,
17 expressed or implied, of any kind.

18 4. I have determined that based on my business judgment, the Sale for \$135,000.00,
19 subject to overbid, was the best offer I could obtain for the License. The sale will be publicized on
20 the Bankruptcy Court's website and the Danning Gill Israel & Krasnoff Marketplace website.

21 5. I respectfully submit that the proposed overbid procedures are reasonable,
22 appropriate, and satisfy the business judgment rule. I believe that the overbid procedures proposed
23 in the motion, notice of which has been given to all creditors and interested parties, will maximize
24 the price ultimately obtained for the License as well as protect the Estate from parties who may
25 wish to participate in the overbid procedure, but who are ultimately unable to consummate the sale
26 transaction.

27 6. I applied for reinstatement of the License with the Alcohol Beverage Control and it
28 has been renewed through June 30, 2023.

1 7. The CDTFA is owed approximately \$12,248.24 in past due taxes (“CDTFA Lien”).
2 The CDTFA Lien will be paid as part of this sale.

3 8. As detailed in the Motion, the sale of the License should generate proceeds in the
4 amount of \$135,000.00 for the Estate. Accordingly, I believe the proposed sale of the License is
5 in the best interest of the Estate.

6 I declare under penalty of perjury under the laws of the United States of America that the
7 above is true and correct to the best of my knowledge, information and belief.

8 Executed on February 23, 2023, at Los Angeles, California.

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/s/ Howard Ehrenberg
Howard M. Ehrenberg

DECLARATION OF JASON B. KHO

I, Jason B. Kho, declare as follows:

1. I am employed by AAA Liquor License Consulting, I am the broker for Lustig LLC, a California limited liability company (or its nominee) ("Purchaser"), the proposed Purchaser of the Estate's Type 47 On-Sale General Eating Place Liquor License, No. 47-537014 ("License"). I have personal knowledge of the facts set forth herein, which are known by me to be true and correct, and if called as a witness, I could and would competently testify thereto.

2. I provide assistance to parties buying and selling liquor licenses. I have been doing this work for more than 15 years.

3. I am familiar with the type of license Philo Group, LLC owns and the Trustee is trying to sell.

4. There is an established market for the sale of California liquor licenses. The price depends, among other factors, on the type of license being sold and the geographical area in which the license will be used. The market does fluctuate, but drastic swings in price are unusual.

5. The current market price for the license being sold is \$135,000.00. I sold such a license recently for that price and I have others to be sold as well. A broker's fee of 10% is also paid by buyer on top of the purchase price.

6. Based thereon, I believe that \$135,000.00 is a fair price for the License. I will continue to market the License up through the hearing date on this Motion.

I declare under penalty of perjury under the laws of the United States of America that the above is true and correct to the best of my knowledge, information and belief.

Executed on 2-22-2023, at Los Angeles, California.



Jason B. Kho

EXHIBIT "1"



**1748 Main St.
Escalon, CA 95320
Ph: (209) 838-1100
Fax: (209) 838-1115**

**ESCROW INSTRUCTIONS
ALCOHOLIC BEVERAGE LICENSE TRANSFER ONLY**

To: California Business Escrow, Inc.
1748 Main Street
Escalon, CA
(209)-838-1100 FX (209)-838-1115

Escrow No. 23-7813-DB
Date: February 13, 2023
Escrow Officer: Diane Boudreau-Tschetter

CALIFORNIA BUSINESS ESCROW, INC. IS LICENSED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, STATE OF CALIFORNIA, LICENSE NO. 963 7062

These instructions are given this February 13, 2023 by and between the SELLER (herein called SELLER/TRANSFEROR), **PHILO GROUP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY** whose address is: **333 S GRAND AVE. STE 3400, LOS ANGELES, CA 90071**

And the BUYER (hereinafter called BUYER/TRANSFEREE), **LUSTIG LLC, A DELAWARE LIMITED LIABILITY COMPANY** whose address is: **3273 HELMS AVE, CULVER CITY, CA 90232**

The subject of this escrow, which Seller/Transferor owns and agrees to sell and Buyer/Transferee agrees to purchase from Seller/Transferor, subject to all conditions and contingencies stated herein, is the following described alcoholic beverage license: **ON-SALE GENERAL EATING PLACE LICENSE NO. 47-537014** now issued for premises at: **655 S HOPE ST UNIT 101, LOS ANGELES, CA 90017** for transfer to premises at **3273 HELMS AVE, CULVER CITY, CA 90232** under the terms and conditions as stated herein.

The Parties hereto acknowledge and agree that **HOWARD M. EHRENBERG** is selling the Liquor License, as the Court-Appointed Chapter 7 Liquidation Trustee in the case entitled : **PHILO GROUP LLC, in the United States Bankruptcy Court For the *Central District of Cal*, Case No. *2:22-bk-16139-VZ***

The parties further acknowledge and agree and that the sale contemplated hereby may be subject to, and contingent on, any final court approvals, if required.

IT IS AGREED BETWEEN THE SELLER/TRANSFEROR AND BUYER/TRANSFEREE THAT, REGARDLESS OF DATE HEREINAFTER SET FORTH FOR PAYMENT OF THE CONSIDERATION, NONE OF THE SAID CONSIDERATION WILL BE PAID FOR THE TRANSFER OF THE LICENSE(S) UNTIL SUCH TIME AS ESCROW HOLDER HAS BEEN NOTIFIED IN WRITING BY THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL ("ABC") THAT THE LICENSE HAS BEEN TRANSFERRED.

Total Purchase Price of said license shall be the sum of \$135,000.00
Payable as follows:

Initial Deposit	\$13,500.00
Deposit Prior to Close of Escrow	\$121,500.00
Total Cash Thru	\$135,000.00
TOTAL CONSIDERATION	\$135,000.00

Seller's Initials *MJG*

Buyer's Initials _____

1. Escrow shall be deemed opened when these instructions, signed by all parties, are deposited with Escrow Holder. Escrow shall close upon issuance of subject alcoholic beverage license to the Buyer/Transferee by the Department of Alcoholic Beverage Control.
2. In addition to the Purchase Price, Buyer/Transferee agrees to pay 100% of the escrow fees and costs in this transaction. For its ordinary services hereunder, and immediately upon acceptance of this escrow, California Business Escrow, Inc., shall be entitled to a non-refundable escrow fee of \$1,3000.0 payable by Buyer/Transferee. Additional fees and costs which can be charged include, without limitation, courier, messenger, overnight mail. California Business Escrow, Inc., is authorized and instructed to deduct the costs from the Transferee's deposit and is released from any and all liability for disbursement of Buyer/Transferee's earnest money deposit.
3. Seller/Transferor agrees to pay 100% of the costs (including courier/overnight services) associated with processing creditor claims and/or claims by taxing authorities against Seller/Transferor, if applicable. There will be a charge of \$25.00 for each claim paid through escrow, payable by and on behalf of Seller/Transferor, \$50.00 for processing each disputed claim, payable by and on behalf of Seller/Transferor, and \$100.00 for each State Agency (CDTFA, FTB, COUNTY TAX COLLECTOR, IRS, EDD) paid through escrow by and on behalf of Seller/Transferor .
4. In the event that escrow fails to consummate for any reason, California Business Escrow, Inc., is authorized to retain its costs and fees associated with this escrow from any money deposited with it without further authorization.
5. Pursuant to Section 24073 of the Business and Professions Code of the State of California, Seller/Transferor and Buyer/Transferee will execute the Notice of Intended Transfer and deposit with Escrow Holder. Escrow Holder will record in the office of the county recorder and provide a copy of said notice, certified by the county recorder, to the Buyer/Transferee, to be deposited with the Department of Alcoholic Beverage Control.
6. Within the latter of thirty days after application has been filed with the Department of Alcoholic Beverage Control or any extention of the filing period set forth in Section 24074.3 of the Business and Professions Code of the State of California, the Buyer/Transferee will cause to be handed to Escrow Holder the full amount of the Purchase Price as set out above, and any and all additional funds required by Escrow Holder to complete said transaction. Escrow Holder is instructed to then execute and forward ABC form 226 to the Department of Alcoholic Beverage Control, indicating that the consideration has been deposited into the escrow.
7. If notified by the Department of Alcoholic Beverage Control that any tax agency, under the provisions of Section 24049 of the California Business and Professions Code, has a hold on the transfer of the ABC License, preventing the issuance of the ABC License to the Buyer/Transferee, then California Business Escrow, Inc., is authorized and instructed to pay, from funds on deposit in escrow, the amount of taxes demanded by any such agency and deduct same from Seller's/Transferor's proceeds without further authorization from any party required.
8. All claims approved by Seller/Transferor shall be deemed to be bona fide and California Business Escrow, Inc. may pay such approved claims. Should any claims be filed, which the Seller/Transferor refuses to approve, all parties agree to proceed in accordance with Section 24074 of Business and Professions Code of the State of California.
9. Buyer/Transferee shall make application for the transfer of the subject ABC license at the office of the Department of Alcoholic Beverage Control and the ABC License Transfer Fee shall be paid by the Buyer/Transferee. In the event the ABC License has not been issued to the Buyer/Transferee prior to JUNE 30, 2023 (next renewal date), both parties understand that it is the Buyer's/Transferee's responsibility to pay the ABC license renewal Fee to the Department of Alcoholic Beverage Control on or before the current renewal date from funds on deposit in escrow with no further instruction on the part of any party required. The Buyer/Transferee and Seller/Transferor further instruct and authorize Escrow Agent to pay from Buyer's/Transferee's funds on deposit in escrow all renewals that come due before the Authority to Close is received from the Department of Alcoholic Beverage Control. The Seller/Transferor warrants that the ABC License is currently in good standing with the Department of Alcoholic Beverage Control.

Seller's Initials



Buyer's Initials

- 10. California Business Escrow, Inc is instructed to act in accordance with sections 24049 and 24074 of California Business and Professions Code.
- 11. The parties have deposited with California Business Escrow, Inc (if applicable in this transaction), a form letter (known as a Rule 64B Request) under Section 24044 of the Business and Professions Code of California, whereby the Department of Alcoholic Beverage Control shall be requested to issue the subject license to the Buyer/Transferee with the same to be held by the Department of Alcoholic Beverage Control pending Buyer's/Transferee's request for the delivery of the same. Escrow Holder is to forward the said letter when informed that the proposed premises to be licensed have been sufficiently completed to comply with the requirement of the Department of Alcoholic Beverage Control and that the license be issued and escrow closed with no unnecessary delays.
- 12. The parties hereto understand that this escrow is accepted by California Business Escrow, Inc., as Escrow Holder, predicated on the representation of the parties that there will be sufficient funds deposited into escrow to pay all creditors, costs, expenses and fees incurred in this escrow in full. If sufficient funds are not deposited, then California Business Escrow, Inc., has the absolute right, at it's sole option, to resign as escrow agent by giving at least ten (10) days prior written notice of such intent to all parties concerned, paying all costs, fees and expenses incurred in this escrow from any funds on deposit with it, and returning any remaining funds to the party who has deposited same.
- 13. NO REAL ESTATE, TAX OR LEGAL ADVICE:
Escrow Holder does not provide any real estate, tax, legal or other advice concerning this transaction, or advice on the validity and effect of any of the documentation concerning the transaction. The parties are specifically directed to their own independent real estate professional, attorney and accountant for any such advice. The parties acknowledge that any comments made by Escrow Holder concerning the transaction are not meant to provide such advice, but only to aid in facilitating the performance of Escrow Holder's duties arising hereunder.
- 14. AFFILIATIONS
Escrow Holder discloses to the parties that Michael Brewer is affiliated with California Business Escrow, Inc.
- 15. ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS

The signatories to these escrow instructions hereby direct Escrow Holder to also comply with the following:

- A. Escrow Funds. All funds received in this escrow may be deposited with funds from other escrows in a general non-interest earning trust account in any state or federal bank of Escrow Holder's choosing. No interest shall be paid to the party depositing money with Escrow Holder. The parties recognize that the FDIC insurance on this account may not be sufficient to cover all of their specific deposit, but request that Escrow Holder maintain all funds in such account. All disbursements shall be made by Escrow Holder's check on this account.
- B. Fees and Expenses. Buyer/Transferee agrees to pay Escrow Holder's customary and reasonable charges and fees and all other costs and expenses incurred by Escrow Holder on behalf of Buyer/Transferee. Escrow Holder may, in Escrow Holder's discretion, charge additional fees to the Buyer/Transferee for services which are beyond those usual in this type of escrow, attorney consultation fees, and any special courier fees above the standard courier use and charge those costs to the responsible Parties.

If, for any reason, Escrow Holder is required to appear in and/or defend any litigation, arbitration or administrative proceeding concerning this escrow as a party or a witness, the parties jointly and severally shall pay Escrow Holder for all reasonable costs, expenses and losses incurred by Escrow Holder in such matter, including Escrow Holder's reasonable attorney's fees.

If, in Escrow Holder's discretion, Escrow Holder deems it necessary to obtain legal advice regarding any issue in this escrow, the parties, jointly and severally, shall reimburse Escrow Holder for any reasonable fees and expenses incurred.

Seller's Initials MB

Buyer's Initials _____

- C. Disclosures. Escrow Holder has no responsibility to give any disclosure not required by law to be given by an escrow agent.
- D. Instructions. Escrow Holder need comply only with the written instructions deposited in this escrow. If Escrow Holder receives any form of contract pertaining to the transaction on which this escrow is based, Escrow Holder has no responsibility to enforce or comply with the terms of it except as described in these instructions. A signature on these instructions and any document concerning this escrow means that the signatory has read, understands and approves the instruction or document. Escrow Holder has no responsibility to determine the validity or sufficiency of any document or signature on any document deposited in this escrow, unless further written Escrow Instructions to do so are received and the additional escrow fees are deposited. Any purported oral instructions, amendment, supplement, modification, notice or demand deposited with Escrow Holder by the parties or either of them shall be ineffective and invalid. The Escrow Instructions and supporting documents may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All such counterparts together shall constitute the same document. The parties acknowledge and understand that you, as Escrow Holder, are not authorized to practice the law nor does Escrow Holder give financial advice. The parties are advised to seek legal and financial counsel and advice concerning the effect of these Escrow Instructions. Escrow Holder shall not comply with any notice, demand or instruction that is not in writing. Escrow Holder may furnish copies of the escrow instructions and closing statements to real estate brokers and liquor license brokers representing the parties to this escrow, the Department of Alcoholic Beverage Control, and any lender to a party.
- E. Conflicts in Escrow Instructions; Disputes. If Escrow Holder receives any conflicting notices, instructions or demands, or cannot close this escrow for any reason, in Escrow Holder's reasonable sole discretion and without any liability, and without concern over the merits of any disputes between the parties, Escrow Holder may take any reasonable action Escrow Holder deems appropriate, including no further action in this escrow until the conflict is resolved, or the bringing of an interpleader or other litigation. The parties, jointly and severally, will pay promptly on demand any reasonable costs, expenses and losses incurred by Escrow Holder in complying with this instruction, including Escrow Holder's reasonable attorney's fees. Escrow Holder's reasonable fees and the costs incurred in this escrow may be taken from any monies on deposit with Escrow Holder; the parties assume responsibility for determining liability for payment between themselves.
- F. Attorney's Fees. If any legal action, arbitration or other proceeding is brought relating to these instructions or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of the transactions involved in these instructions, the successful or prevailing party shall be entitled to recover reasonable costs incurred, including reasonable attorney's fees. In any collection of monies due hereunder without litigation, the collecting party shall be entitled to its reasonable costs incurred, including reasonable attorney's fees.
- G. Closing; Cancellation; Payment of Fees and Costs. Escrow Holder shall close the escrow as soon as possible unless Escrow Holder receives a written notice of cancellation. On receipt at any time of a notice of cancellation, Escrow Holder shall mail/email or overnight a copy to all other parties at the addresses on these instructions. In the event of cancellation, Escrow Holder may take from any monies on deposit with Escrow Holder any sums necessary to pay all fees and costs incurred in this escrow. It is further understood that all notices, demands and instructions must be in writing and executed by all parties
- H. Corrections. In the event monies are disbursed incorrectly by Escrow Holder for any reason, each party agrees to cooperate with Escrow Holder and to promptly return to Escrow Holder any monies disbursed incorrectly to him/her/they/them/he/she immediately upon notice from Escrow Holder. If any legal action, arbitration or other proceeding is brought to collect monies incorrectly disbursed, the successful or prevailing party shall be entitled to recover costs incurred, including reasonable attorney's fees. Escrow Holder is further instructed and authorized to make any corrections necessary regarding perfecting any and all premise addressess, corrections of any and all names and any and all other necessary documents that need to be re-recorded to reflect any changes, without further instruction from either parties.

Seller's Initials



Buyer's Initials

- I. Forms. The parties understand the forms used by Escrow Holder are generally in use in the industry, and assume the responsibility of making certain those forms and the completion of them by Escrow Holder accurately describes the intended transaction.
- J. Venue for Litigation. All rights and duties of the parties hereunder shall be governed by the laws of the State of California, and any litigation, arbitration or other proceeding brought regarding this escrow shall be brought in a court or tribunal of appropriate jurisdiction closest to San Joaquin County, California.
- K. Time is of the Essence. The parties shall cooperate with Escrow Holder in carrying out the escrow instructions they deposit with Escrow Holder and completing this escrow. The parties shall deposit into escrow, upon request, any additional funds, instruments, documents, the Department of Alcoholic Beverage Control required documents, instructions, authorizations, or other items that are necessary to enable Escrow Holder to comply with demands made to Escrow Holder by third parties, or to otherwise carry out the terms of their instructions and close this escrow. Both parties further understand that "time is of the essence" and will facilitate any needed documents in a timely manner. Notwithstanding anything to the contrary, and in addition to any other contingency or condition, Buyer's/Transferee's obligation to purchase the license(s) shall be subject to the ABC approving the transfer to Buyer's/Transferee's and Seller's/Transferor's performance.
- L. Destruction of Escrow File. Escrow Holder may destroy and dispose of all documents in this escrow after five (5) years of closing or cancellation of the escrow without liability or further notice to the parties. In the event of any dispute or litigation the escrow file will remain available and intact until such time as the matter has been resolved.

Buyer/Transferee and Seller/Transferor acknowledge that they have read, understand, accept, approve and hereby create, execute, and enter into the foregoing escrow and instructions, each party acknowledges receipt of a copy hereof.

SELLER:

BUYER:

PHILO GROUP LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

LUSTIG LLC
A DELAWARE LIMITED LIABILITY COMPANY

By: [Signature]
JOSE MIGUEL ABADIN, MANAGING MBR
BY: CHAPTER 7 BANKRUPTCY TRUSTEE
HOWARD M. EHRENBERG

By: _____

PRINT NAME AND TITLE

By: [Signature]
PAUL ERIC FLESCH, MANAGING MBR
BY: CHAPTER 7 BANKRUPTCY TRUSTEE
HOWARD M. EHRENBERG

By: [Signature]
VICTOR STAGLIANO, MANAGING MBR
BY: CHAPTER 7 BANKRUPTCY TRUSTEE
HOWARD M. EHRENBERG

Seller's Initials AB _____

Buyer's Initials _____



1748 Main St.
Escalon, CA 95320
Ph: (209) 838-1100
Fax: (209) 838-1115

ESCROW INSTRUCTIONS
ALCOHOLIC BEVERAGE LICENSE TRANSFER ONLY

To: California Business Escrow, Inc.
1748 Main Street
Escalon, CA
(209)-838-1100 FX (209)-838-1115

Escrow No. 23-7813-DB
Date: February 13, 2023
Escrow Officer: Diane Boudreau-Tschetter

CALIFORNIA BUSINESS ESCROW, INC. IS LICENSED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, STATE OF CALIFORNIA, LICENSE NO. 963 7062

These instructions are given this February 13, 2023 by and between the SELLER (herein called SELLER/TRANSFEROR), **PHILO GROUP LLC, A CALIFORNIA LIMITED LIABILITY COMPANY** whose address is: **333 S GRAND AVE. STE 3400, LOS ANGELES, CA 90071**

And the BUYER (hereinafter called BUYER/TRANSFeree), **LUSTIG LLC, A DELAWARE LIMITED LIABILITY COMPANY** whose address is: **3273 HELMS AVE, CULVER CITY, CA 90232**

The subject of this escrow, which Seller/Transferor owns and agrees to sell and Buyer/Transferee agrees to purchase from Seller/Transferor, subject to all conditions and contingencies stated herein, is the following described alcoholic beverage license: **ON-SALE GENERAL EATING PLACE LICENSE NO. 47-537014** now issued for premises at: **655 S HOPE ST UNIT 101 , LOS ANGELES, CA 90017** for transfer to premises at **3273 HELMS AVE , CULVER CITY, CA 90232** under the terms and conditions as stated herein.

The Parties hereto acknowledge and agree that **HOWARD M. EHRENBERG** is selling the Liquor License, as the Court-Appointed Chapter 7 Liquidation Trustee in the case entitled : **PHILO GROUP LLC**, in the United States Bankruptcy Court For the _____, Case No. _____.

The parties further acknowledge and agree and that the sale contemplated hereby may be subject to, and contingent on, any final court approvals, if required.

IT IS AGREED BETWEEN THE SELLER/TRANSFEROR AND BUYER/TRANSFeree THAT, REGARDLESS OF DATE HEREINAFTER SET FORTH FOR PAYMENT OF THE CONSIDERATION, NONE OF THE SAID CONSIDERATION WILL BE PAID FOR THE TRANSFER OF THE LICENSE(S) UNTIL SUCH TIME AS ESCROW HOLDER HAS BEEN NOTIFIED IN WRITING BY THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL ("ABC") THAT THE LICENSE HAS BEEN TRANSFERRED.

Total Purchase Price of said license shall be the sum of \$135,000.00

Payable as follows:

Initial Deposit	\$13,500.00
Deposit Prior to Close of Escrow	\$121,500.00
Total Cash Thru	\$135,000.00
TOTAL CONSIDERATION	\$135,000.00

Seller's Initials _____

Buyer's Initials _____

1. Escrow shall be deemed opened when these instructions, signed by all parties, are deposited with Escrow Holder. Escrow shall close upon issuance of subject alcoholic beverage license to the Buyer/Transferee by the Department of Alcoholic Beverage Control.
2. In addition to the Purchase Price, Buyer/Transferee agrees to pay 100% of the escrow fees and costs in this transaction. For its ordinary services hereunder, and immediately upon acceptance of this escrow, California Business Escrow, Inc., shall be entitled to a non-refundable escrow fee of \$1,3000.0 payable by Buyer/Transferee. Additional fees and costs which can be charged include, without limitation, courier, messenger, overnight mail. California Business Escrow, Inc., is authorized and instructed to deduct the costs from the Transferee's deposit and is released from any and all liability for disbursement of Buyer/Transferee's earnest money deposit.
3. Seller/Transferor agrees to pay 100% of the costs (including courier/overnight services) associated with processing creditor claims and/or claims by taxing authorities against Seller/Transferor, if applicable. There will be a charge of \$25.00 for each claim paid through escrow, payable by and on behalf of Seller/Transferor, \$50.00 for processing each disputed claim, payable by and on behalf of Seller/Transferor, and \$100.00 for each State Agency (CDTFA, FTB, COUNTY TAX COLLECTOR, IRS, EDD) paid through escrow by and on behalf of Seller/Transferor .
4. In the event that escrow fails to consummate for any reason, California Business Escrow, Inc., is authorized to retain its costs and fees associated with this escrow from any money deposited with it without further authorization.
5. Pursuant to Section 24073 of the Business and Professions Code of the State of California, Seller/Transferor and Buyer/Transferee will execute the Notice of Intended Transfer and deposit with Escrow Holder. Escrow Holder will record in the office of the county recorder and provide a copy of said notice, certified by the county recorder, to the Buyer/Transferee, to be deposited with the Department of Alcoholic Beverage Control.
6. Within the latter of thirty days after application has been filed with the Department of Alcoholic Beverage Control or any extension of the filing period set forth in Section 24074.3 of the Business and Professions Code of the State of California, the Buyer/Transferee will cause to be handed to Escrow Holder the full amount of the Purchase Price as set out above, and any and all additional funds required by Escrow Holder to complete said transaction. Escrow Holder is instructed to then execute and forward ABC form 226 to the Department of Alcoholic Beverage Control, indicating that the consideration has been deposited into the escrow.
7. If notified by the Department of Alcoholic Beverage Control that any tax agency, under the provisions of Section 24049 of the California Business and Professions Code, has a hold on the transfer of the ABC License, preventing the issuance of the ABC License to the Buyer/Transferee, then California Business Escrow, Inc., is authorized and instructed to pay, from funds on deposit in escrow, the amount of taxes demanded by any such agency and deduct same from Seller's/Transferor's proceeds without further authorization from any party required.
8. All claims approved by Seller/Transferor shall be deemed to be bona fide and California Business Escrow, Inc. may pay such approved claims. Should any claims be filed, which the Seller/Transferor refuses to approve, all parties agree to proceed in accordance with Section 24074 of Business and Professions Code of the State of California.
9. Buyer/Transferee shall make application for the transfer of the subject ABC license at the office of the Department of Alcoholic Beverage Control and the ABC License Transfer Fee shall be paid by the Buyer/Transferee. In the event the ABC License has not been issued to the Buyer/Transferee prior to JUNE 30, 2023 (next renewal date), both parties understand that it is the Buyer's/Transferee's responsibility to pay the ABC license renewal Fee to the Department of Alcoholic Beverage Control on or before the current renewal date from funds on deposit in escrow with no further instruction on the part of any party required. The Buyer/Transferee and Seller/Transferor further instruct and authorize Escrow Agent to pay from Buyer's/Transferee's funds on deposit in escrow all renewals that come due before the Authority to Close is received from the Department of Alcoholic Beverage Control. The Seller/Transferor warrants that the ABC License is currently in good standing with the Department of Alcoholic Beverage Control.

Seller's Initials _____

Buyer's Initials  _____

10. California Business Escrow, Inc is instructed to act in accordance with sections 24049 and 24074 of California Business and Professions Code.
11. The parties have deposited with California Business Escrow, Inc (if applicable in this transaction), a form letter (known as a Rule 64B Request) under Section 24044 of the Business and Professions Code of California, whereby the Department of Alcoholic Beverage Control shall be requested to issue the subject license to the Buyer/Transferee with the same to be held by the Department of Alcoholic Beverage Control pending Buyer's/Transferee's request for the delivery of the same. Escrow Holder is to forward the said letter when informed that the proposed premises to be licensed have been sufficiently completed to comply with the requirement of the Department of Alcoholic Beverage Control and that the license be issued and escrow closed with no unnecessary delays.
12. The parties hereto understand that this escrow is accepted by California Business Escrow, Inc., as Escrow Holder, predicated on the representation of the parties that there will be sufficient funds deposited into escrow to pay all creditors, costs, expenses and fees incurred in this escrow in full. If sufficient funds are not deposited, then California Business Escrow, Inc., has the absolute right, at it's sole option, to resign as escrow agent by giving at least ten (10) days prior written notice of such intent to all parties concerned, paying all costs, fees and expenses incurred in this escrow from any funds on deposit with it, and returning any remaining funds to the party who has deposited same.
13. NO REAL ESTATE, TAX OR LEGAL ADVICE:
Escrow Holder does not provide any real estate, tax, legal or other advice concerning this transaction, or advice on the validity and effect of any of the documentation concerning the transaction. The parties are specifically directed to their own independent real estate professional, attorney and accountant for any such advice. The parties acknowledge that any comments made by Escrow Holder concerning the transaction are not meant to provide such advice, but only to aid in facilitating the performance of Escrow Holder's duties arising hereunder.
14. AFFILIATIONS
Escrow Holder discloses to the parties that Michael Brewer is affiliated with California Business Escrow, Inc.
15. ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS

The signatories to these escrow instructions hereby direct Escrow Holder to also comply with the following:

- A. Escrow Funds. All funds received in this escrow may be deposited with funds from other escrows in a general non-interest earning trust account in any state or federal bank of Escrow Holder's choosing. No interest shall be paid to the party depositing money with Escrow Holder. The parties recognize that the FDIC insurance on this account may not be sufficient to cover all of their specific deposit, but request that Escrow Holder maintain all funds in such account. All disbursements shall be made by Escrow Holder's check on this account.
- B. Fees and Expenses. Buyer/Transferee agrees to pay Escrow Holder's customary and reasonable charges and fees and all other costs and expenses incurred by Escrow Holder on behalf of Buyer/Transferee. Escrow Holder may, in Escrow Holder's discretion, charge additional fees to the Buyer/Transferee for services which are beyond those usual in this type of escrow, attorney consultation fees, and any special courier fees above the standard courier use and charge those costs to the responsible Parties.

If, for any reason, Escrow Holder is required to appear in and/or defend any litigation, arbitration or administrative proceeding concerning this escrow as a party or a witness, the parties jointly and severally shall pay Escrow Holder for all reasonable costs, expenses and losses incurred by Escrow Holder in such matter, including Escrow Holder's reasonable attorney's fees.

If, in Escrow Holder's discretion, Escrow Holder deems it necessary to obtain legal advice regarding any issue in this escrow, the parties, jointly and severally, shall reimburse Escrow Holder for any reasonable fees and expenses incurred.

Seller's Initials _____

Buyer's Initials  _____

- C. Disclosures. Escrow Holder has no responsibility to give any disclosure not required by law to be given by an escrow agent.
- D. Instructions. Escrow Holder need comply only with the written instructions deposited in this escrow. If Escrow Holder receives any form of contract pertaining to the transaction on which this escrow is based, Escrow Holder has no responsibility to enforce or comply with the terms of it except as described in these instructions. A signature on these instructions and any document concerning this escrow means that the signatory has read, understands and approves the instruction or document. Escrow Holder has no responsibility to determine the validity or sufficiency of any document or signature on any document deposited in this escrow, unless further written Escrow Instructions to do so are received and the additional escrow fees are deposited. Any purported oral instructions, amendment, supplement, modification, notice or demand deposited with Escrow Holder by the parties or either of them shall be ineffective and invalid. The Escrow Instructions and supporting documents may be executed in counterparts, each of which shall be deemed an original regardless of the date of its execution and delivery. All such counterparts together shall constitute the same document. The parties acknowledge and understand that you, as Escrow Holder, are not authorized to practice the law nor does Escrow Holder give financial advice. The parties are advised to seek legal and financial counsel and advice concerning the effect of these Escrow Instructions. Escrow Holder shall not comply with any notice, demand or instruction that is not in writing. Escrow Holder may furnish copies of the escrow instructions and closing statements to real estate brokers and liquor license brokers representing the parties to this escrow, the Department of Alcoholic Beverage Control, and any lender to a party.
- E. Conflicts in Escrow Instructions; Disputes. If Escrow Holder receives any conflicting notices, instructions or demands, or cannot close this escrow for any reason, in Escrow Holder's reasonable sole discretion and without any liability, and without concern over the merits of any disputes between the parties, Escrow Holder may take any reasonable action Escrow Holder deems appropriate, including no further action in this escrow until the conflict is resolved, or the bringing of an interpleader or other litigation. The parties, jointly and severally, will pay promptly on demand any reasonable costs, expenses and losses incurred by Escrow Holder in complying with this instruction, including Escrow Holder's reasonable attorney's fees. Escrow Holder's reasonable fees and the costs incurred in this escrow may be taken from any monies on deposit with Escrow Holder; the parties assume responsibility for determining liability for payment between themselves.
- F. Attorney's Fees. If any legal action, arbitration or other proceeding is brought relating to these instructions or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of the transactions involved in these instructions, the successful or prevailing party shall be entitled to recover reasonable costs incurred, including reasonable attorney's fees. In any collection of monies due hereunder without litigation, the collecting party shall be entitled to its reasonable costs incurred, including reasonable attorney's fees.
- G. Closing; Cancellation; Payment of Fees and Costs. Escrow Holder shall close the escrow as soon as possible unless Escrow Holder receives a written notice of cancellation. On receipt at any time of a notice of cancellation, Escrow Holder shall mail/email or overnight a copy to all other parties at the addresses on these instructions. In the event of cancellation, Escrow Holder may take from any monies on deposit with Escrow Holder any sums necessary to pay all fees and costs incurred in this escrow. It is further understood that all notices, demands and instructions must be in writing and executed by all parties
- H. Corrections. In the event monies are disbursed incorrectly by Escrow Holder for any reason, each party agrees to cooperate with Escrow Holder and to promptly return to Escrow Holder any monies disbursed incorrectly to him/her/they/them/he/she immediately upon notice from Escrow Holder. If any legal action, arbitration or other proceeding is brought to collect monies incorrectly disbursed, the successful or prevailing party shall be entitled to recover costs incurred, including reasonable attorney's fees. Escrow Holder is further instructed and authorized to make any corrections necessary regarding perfecting any and all premise addressess, corrections of any and all names and any and all other necessary documents that need to be re-recorded to reflect any changes, without further instruction from either parties.

Seller's Initials _____

Buyer's Initials  _____

- I. Forms. The parties understand the forms used by Escrow Holder are generally in use in the industry, and assume the responsibility of making certain those forms and the completion of them by Escrow Holder accurately describes the intended transaction.
- J. Venue for Litigation. All rights and duties of the parties hereunder shall be governed by the laws of the State of California, and any litigation, arbitration or other proceeding brought regarding this escrow shall be brought in a court or tribunal of appropriate jurisdiction closest to San Joaquin County, California.
- K. Time is of the Essence. The parties shall cooperate with Escrow Holder in carrying out the escrow instructions they deposit with Escrow Holder and completing this escrow. The parties shall deposit into escrow, upon request, any additional funds, instruments, documents, the Department of Alcoholic Beverage Control required documents, instructions, authorizations, or other items that are necessary to enable Escrow Holder to comply with demands made to Escrow Holder by third parties, or to otherwise carry out the terms of their instructions and close this escrow. Both parties further understand that "time is of the essence" and will facilitate any needed documents in a timely manner. Notwithstanding anything to the contrary, and in addition to any other contingency or condition, Buyer's/Transferee's obligation to purchase the license(s) shall be subject to the ABC approving the transfer to Buyer's/Transferee's and Seller's/Transferor's performance.
- L. Destruction of Escrow File. Escrow Holder may destroy and dispose of all documents in this escrow after five (5) years of closing or cancellation of the escrow without liability or further notice to the parties. In the event of any dispute or litigation the escrow file will remain available and intact until such time as the matter has been resolved.

Buyer/Transferee and Seller/Transferor acknowledge that they have read, understand, accept, approve and hereby create, execute, and enter into the foregoing escrow and instructions, each party acknowledges receipt of a copy hereof.

SELLER:

PHILO GROUP LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

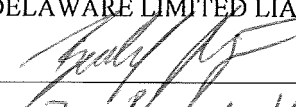
By: _____
JOSE MIGUEL ABADIN, MANAGING MBR
BY: CHAPTER 7 BANKRUPTCY TRUSTEE
HOWARD M. EHRENBERG

By: _____
PAUL ERIC FLESCHE, MANAGING MBR
BY: CHAPTER 7 BANKRUPTCY TRUSTEE
HOWARD M. EHRENBERG

By: _____
VICTOR STAGLIANO, MANAGING MBR
BY: CHAPTER 7 BANKRUPTCY TRUSTEE
HOWARD M. EHRENBERG

BUYER:

LUSTIG LLC
A DELAWARE LIMITED LIABILITY COMPANY

By: 
Bernhard Haisinger
PRINT NAME AND TITLE

Seller's Initials _____

Buyer's Initials _____

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 333 South Grand Avenue, Suite 3400, Floor, Los Angeles, CA 90071.

A true and correct copy of the foregoing document entitled (*specify*): **CHAPTER 7 TRUSTEE'S MOTION FOR ORDER: (1) AUTHORIZING SALE OF ESTATE'S RIGHT, TITLE, AND INTEREST IN ALCOHOLIC BEVERAGE CONTROL LICENSE, (2) DETERMINING THAT BUYER IS A GOOD FAITH PURCHASER; (3) APPROVING OVERBID PROCEDURES; (4) WAIVING THE FOURTEEN (14) DAY STAY PRESCRIBED BY RULE 6004(h) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF HOWARD M. EHRENBERG AND JASON B. KHO (AAA LIQUOR LICENSE CONSULTING) IN SUPPORT THEREOF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On February 23, 2023, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Howard M Ehrenberg (TR)** ehrenbergtrustee@gmlaw.com, ca25@ecfbis.com;C123@ecfbis.com;howard.ehrenberg@ecf.courtdrive.com;Karen.Files@gmlaw.com
- **Kevin Hutto** BKClaimConfirmation@ftb.ca.gov
- **Arash Shirdel** ashirdel@pacificpremierlaw.com, ECF@pacificpremierlaw.com;g18147@notify.cincompass.com
- **United States Trustee (LA)** ustpregion16.la.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL:

On _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

February 23, 2023
Date

Lupe V. Cortez
Printed Name

/s/ Lupe Cortez
Signature