

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF ARKANSAS
FAYETTEVILLE DIVISION**

IN RE: ALL YOU, LLC

**CASE NO. 5:10-bk-74049
Chapter 11**

**SECURED CREDITOR FIRST SECURITY BANK'S
PROPOSED CHAPTER 11 PLAN DATED March 11, 2011**

Comes now First Security Bank (hereinafter referred to as "First Security"), Secured Creditor in this matter, by and through its attorneys, JACK NELSON JONES JILES & GREGORY, P.A., and for its Proposed Chapter 11 Plan, states as follows:

INTRODUCTION

On August 2, 2010 Debtor-In-Possession All You, LLC (hereinafter referred to as the "Debtor") filed its Chapter 11 Petition herein. Pursuant to 11 USC § 1121, the Debtor, as a non-small business debtor, had a one hundred twenty (120) day "exclusivity" period in which to propose a Chapter 11 Plan. That exclusivity period expired on November 30, 2010 without the proposal of a Chapter 11 Plan and without Debtor seeking any extension of the exclusivity period. Accordingly, First Security proposes the following Chapter 11 Plan.

BACKGROUND

Debtor is a closely-held Arkansas Limited Liability Company whose sole members are non-debtor Hossein Kouchehbagh and his wife, Vahideh Zamani. Debtor has no other employees. Debtor owns and operates a variety of rental properties in Washington County, Arkansas, and Debtor's sole income is derived from rental payments received from the rental properties. Other than the real estate, the only other assets owned by Debtor are a checking account and rental payment stream realized from the real estate.

As shown in its Chapter 11 Petition and Schedules, Debtor has scheduled only three (3) creditors: First Security, which holds a secured claim secured by a lien on all assets of the Debtor other than its checking account (*i.e.*, a lien on all the real properties owned by Debtor and the rents arising from those real properties) in the total amount of Five Million Seven Hundred Ninety-Seven Thousand Four Hundred Eighteen and 53/100 Dollars (\$5,797,418.53) as of August 11, 2010, the Washington County Tax Collector, which holds an unsecured priority claim in the amount of Thirty-Three Thousand Three Hundred Forty-Six and 32/100 Dollars (\$33,346.32) due to the Debtor's failure to pay property taxes, and Arkansas Western Gas, which has an unsecured non-priority claim of Three Thousand Three Hundred and No/100 Dollars (\$3,300.00).¹ The Debtor claims no exemptions in its schedules.

Prior to Debtor's bankruptcy filing, First Security obtained a Decree of Foreclosure as to all of Debtor's real property in a case styled *First Security Bank v. All You, LLC, et al.*, Circuit Court of Washington County, Arkansas, Case No. CV-10-712-2 (hereinafter referred to as the "Foreclosure Action"); however, the foreclosure sale scheduled in the Foreclosure Action was stayed with the filing of the Debtor's Chapter 11 Petition. On August 11, 2010, First Security filed its Motion for Relief from Stay herein in which it requested that the

¹The Washington County Tax Collector has filed a Proof of Claim claiming real estate taxes in the total amount of One Hundred Four Thousand Seven Hundred Seventy-Nine and 22/100 Dollars (\$104,779.22); however, based upon the supporting documentation this figure appears to include tax bills owed other entities related to the Debtor but which are not a part of this bankruptcy filing. When these non-Debtor entities' tax bills are removed, the Debtor appears to owe Thirty Three Thousand Three Hundred Forty-Six and 32/100 Dollars (\$33,346.32) in real estate taxes, which is commiserate with the Debtor's estimation of a Thirty-Two Thousand and No/100 Dollars (\$32,000.00) tax debt as contained in its Petition and Schedules.

automatic stay be lifted such that it could proceed with the foreclosure sale in the Foreclosure Action. The Motion was denied by the Court on September 22, 2010.

First Security's secured claim continues to accrue interest at the rate of One Thousand Eight Hundred Twenty-Six and 46/100 Dollars (\$1,826.46) per day. Due to high vacancy rates and the dilapidated condition of the Debtor's rental properties, which conditions include, but are not limited to, the water being disconnected at certain of the properties due to non-functioning sewage systems on the properties, rental payments received from the rental properties are insufficient to service the interest continuing to accrue on First Security's secured claim, much less retire any of the principal balance of the secured claim.

PLAN OF REORGANIZATION

I. DEFINITIONS

For the purposes of the Plan of Reorganization, these words and phrases shall have the following meanings:

"Debtor" will mean All You, LLC.

"Court" will mean the United States Bankruptcy Court, Western District of Arkansas.

"Code" and "Bankruptcy Code" will mean the Bankruptcy Code of 1978, Title 11 U.S.C. § 1 01, et seq., and amendments thereto.

"Chapter 11" will mean Chapter 11 of the Bankruptcy Code.

"Allowed Claim" will mean a right to payment under this Plan, which is evidenced by a claim filed before the bar date to be set by the Court and which is allowed and ordered to be paid by the Court.

“Plan” will mean this Plan of Reorganization, as it may be amended and supplemented from time to time.

“Unsecured Creditors” will mean all Creditors of the Debtor holding claims for unsecured debts, liabilities, demands or claims of any character whatsoever.

“Secured Creditors” will mean all Creditors of the Debtor holding valid perfected security interest in and to assets of the Debtor.

“Priority Creditor” will mean all Creditors entitled to a priority pursuant to the Bankruptcy Code.

“Date of Filing” will mean the date on which the Debtor filed its petition for reorganization, or August 2, 2010.

“Effective Date” will mean the date on which any order confirming the Plan becomes final and non-appealable.

“Bar Date” will mean the date to be established by Court order as the last date for filing claims in this case.

II. CLASSIFICATION OF CLAIMS

Classification of Claims. The Plan divides creditors into the following classes:

Class I Claims: Claims of Creditors entitled to priority under the Bankruptcy Code, if any, which are approved and ordered paid by the Court. No such claims have been filed to date.

Class II: Claims of Washington County. Under applicable non-bankruptcy law, Washington County’s lien for real property taxes due and owing by the Debtor on the real estate assets of Debtor are superior to First Security’s lien in and to the real estate assets. To the extent that the Claims of the Class II creditor are not satisfied in full by the proceeds

realized from the foreclosure sale contemplated by this Plan, Washington County will continue to have a lien on the real estate assets of Debtor for the unpaid real property taxes, which lien shall be required to be satisfied by the purchaser of the real estate assets under applicable non-bankruptcy law.

Class III: Claims of First Security which are secured by a first lien security interest in the real estate assets of Debtor.

Class IV: Claims of Secured Creditors of Debtor which are secured by non-first lien security interests in the real estate assets of Debtor, if any exist. No such claims have been filed or asserted to date.

Class V: Claims of General Unsecured Creditors, if any, and under-secured portions of secured claims. No such claims have been filed or asserted to date; however, Arkansas Western Gas has been scheduled by the Debtor as an unsecured, non-priority creditor.

Class VI: Claims of Equity Security Holders. No such claims have been filed or asserted to date.

IV. PAYMENT OF CLAIMS

Upon confirmation of the plan, the real estate assets of Debtor will be abandoned to First Security, to be sold in the Foreclosure Action in accordance with applicable state law. Upon the sale of the real estate assets, the sales proceeds will be distributed as follows:

First, to Class I Claims, if any;

Second, to Class II Claims;

Third, to Class III Claims;

Fourth, to Class IV Claims, if any;

Fifth, to Class V, if any, and,

Sixth, to Class VI, if any.

Upon distribution of the sales proceeds, the claims of the Class I through Class VI creditors will be satisfied in full and any deficiency discharged, with the exception that the claims of the Class II creditor for unpaid property taxes shall continue to be secured by a lien on the Debtor's real estate assets (regardless of who then owns the real estate assets) for the remaining balance of the unpaid taxes under applicable non-bankruptcy law.

V. TREATMENT OF CLASSES THAT ARE IMPAIRED UNDER THE PLAN

Creditors in Class III through VI are impaired. If their claims are entitled to interest, they shall receive interest at (i) the contract rate agreed upon by the Debtor and the Creditor, where the claim is based upon a contract, or (ii) an interest rate which approximately equals the current federal funds rate.

All debt instruments in existence between the Debtor and its creditors shall remain in force except as modified by this Plan.

In full satisfaction and discharge of their Claims, Creditors in Classes III through VI shall be paid as set out above in Section III.

VI. USE OF SECTION 1129(b) OF THE BANKRUPTCY CODE

First Security requests confirmation of this Plan under 11 USC § 1129(b).

VII. RETENTION OF JURISDICTION AND GENERAL PROVISIONS

Under the Effective Date, and until this case is closed, this Court shall retain jurisdiction of the proceedings for the purposes set forth in 11 USC § 1127(b) and to:

- (A) Determine the allowance or disallowance of Claims and interests and to enforce all causes of action which may exist on behalf of the Debtor;
- (B) Fix allowance of compensation and other administrative expenses;
- (C) Ensure that the purpose and intent of this Plan is carried out; and
- (D) And for such other matters as may be proper, including claims litigation.

Unless otherwise listed or scheduled by the Debtor, any Creditor or interest holder of the Debtor having alleged Claims or interest shall not be treated as a Creditor or interest holder with respect to such Claim for the purposes of voting or distribution, unless filed on or before the Bar Date to be set by the Court, and no objection to the Claim is filed by any party-in-interest.

This Plan may be modified in accordance with the provisions of the Code and applicable rules.

When the order confirming the Plan becomes final, claims and interests of Creditors and liens and encumbrances, except those liens, claims and encumbrances set forth in the Plan, will be released and extinguished.

The reorganized Debtor shall be responsible for timely payments of fees incurred pursuant to 28 U.S.C. §1930(a)(6). After confirmation, the reorganized Debtor shall file with the Court and served on the U.S. Trustee a monthly financial report for each month the case remains open in a format prescribed by the U.S. Trustee and provided to the Debtor by the U.S. Trustee.

VIII. MISCELLANEOUS PROVISIONS

The headings in the Plan, including the headings of exhibits, are for convenience of reference and shall not limit or otherwise affect the meanings hereof.

Section and Article References. Unless otherwise specified, all references in this Plan to sections and articles are to be sections and articles of this Plan.

Existing Debt Instruments. All terms, provisions and conditions in this instrument, documents and other agreements evidencing Debtor's indebtedness to Creditors shall remain in full force and effect as modified by the Plan.

Reservation of Rights. Neither the filing of this Plan, or any statement or provision contained herein nor the taking by any Creditor of any action with respect to this Plan shall (a) be or be deemed to be an admission against interest and (b) until the Confirmation Date, be or be deemed to be a waiver of rights that any Creditor might have against Debtor or any of their properties or any other Creditor of Debtor and until the Confirmation Date all such rights are specifically reserved. In the event the confirmation of the Plan does not occur or should be reversed on appeal or otherwise, neither this Plan nor any statement contained herein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without the reorganization case involving Debtor.

Prompt Payment of Taxes and Lease Obligations. This Plan envisions the prompt payment and remittance of taxes, real, personal, income or otherwise.

IX. BAR DATE

Except for claims scheduled by the Debtor as undisputed, liquidated or not contingent, or already filed by a Creditor or party-in-interest, all claims must be filed in

writing with the Bankruptcy Court or such claim shall be deemed forever barred from distribution rights under the Plan. Copies of all claims should be served on counsel for the Debtor.

X. RETENTION OF JURISDICTION

Debtor will investigate and, to the extent deemed appropriate, bring actions to recover monies or property from persons and entities who may have received voidable, preferential transfer of Debtor's money or property under 11 U.S.C. §547 and fraudulent transfers of Debtor's money or property voidable and recoverable under 11 U.S.C. §547 and, to the extent applicable, post-petition transfers of Debtor's money or property under 11 U.S.C. §549. Any net amounts recovered after payment of attorney's fees and expenses will be used to pay allowed claims of Creditors under this Plan.

When the order confirming the Plan becomes final, all claims and interests of creditors, whether filed or unfiled, and liens and encumbrances, except those liens and encumbrances set forth in the Plan, will be released, discharged and extinguished.

Respectfully submitted,

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By: /s/ Gary D. Jiles
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