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**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA**



***CENTRAL DISTRICT OF CALIFORNIA
APPROVED FORM FOR PRODUCING A***

CHAPTER 11 DISCLOSURE STATEMENT

Microsoft Word Format

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5 **UNITED STATES BANKRUPTCY COURT**
6 **CENTRAL DISTRICT OF CALIFORNIA**

7 In re:
8 The Best Union , LLC,

9 Debtor

Bk. No. **2:12-bk-32503 PC**

In a Case Under Chapter
11 of the Bankruptcy Code
(11 U.S.C. § 1101 et seq.)

10 AMENDED DISCLOSURE STATEMENT
DESCRIBING **AMENDED** CHAPTER 11 PLAN

11 Disclosure Statement Continued Hearing

12 Date: May 15, 2013
13 Time: 9.30 a.m.
14 Ctrm: 1468
255 E. Temple Street
Los Angeles, CA 90012
Hon. Peter Carroll

16 Plan Confirmation Hearing

17 Date:
18 Time:
19 Ctrm:

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I.

INTRODUCTION

The Best Union, LLC is the Debtor in a Chapter 11 bankruptcy case. On **June 28, 2012, Debtor** commenced a bankruptcy case by filing **Voluntary** Chapter 11 petition under the United States Bankruptcy Code (“Code”), 11 U.S.C. §101 et seq., Chapter 11 allows the Debtor, and under some circumstances, creditors and other parties in interest, to propose a plan of reorganization (“Plan”). The Plan may provide for the Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. **Debtor** is the party proposing the Plan sent to you in the same envelope as this document. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE ENCLOSED PLAN.

This is a **Reorganizing Plan which seeks to liquidate one of the assets as a part of the restructuring** plan. In other words, the Proponent seeks to accomplish payments under the Plan by continuing to operate and to liquidate one of the assets of the estate. The Effective Date of the proposed Plan is **thirty days from the date of confirmation.**

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

- (1) WHO CAN VOTE OR OBJECT,**
- (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,**
- (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,**

1 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN,

2 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND

3 (6) WHETHER THIS PLAN IS FEASIBLE.

4 This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more
5 specific advice on how this Plan will affect you and what is the best course of action for you.

6 Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure
7 Statement, the Plan provisions will govern.

8 The Code requires a Disclosure Statement to contain “adequate information” concerning the Plan. The Bankruptcy Court (“Court”) has
9 approved this document as an adequate Disclosure Statement, containing enough information to enable parties affected by the Plan to make an
10 informed judgment about the Plan. Any party can now solicit votes for or against the Plan.

11 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

12 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE
13 TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE
14 PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

15 **1. Time and Place of the Confirmation Hearing**

16 The hearing where the Court will determine whether or not to confirm the Plan will take place on _____, at _____ {A.M./P.M.}, in
17 Courtroom 1468, United States Bankruptcy Court Central District, 255 East Temple Street, Los Angeles, CA 90012.

18 **2. Deadline for Voting For or Against the Plan**

1 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot in the enclosed envelope to
2 Mufthiha Sabaratnam, Esq., Counsel for debtor, 11601 Wilshire Blvd., Suite 500, Los Angeles, CA 90025 or by fax to (213)403-8520.

3 Your ballot must be received by or it will not be counted.

4 **3. Deadline for Objecting to the Confirmation of the Plan**

5 Objections to the confirmation of the Plan must be filed with the Court and served upon

6 by .

7 **4. Identity of Person to Contact for More Information Regarding the Plan**

8 Any interested party desiring further information about the Plan should contact Mufthiha Sabaratnam, Counsel for Debtor.

9 **C. Disclaimer**

10 The financial data relied upon in formulating the Plan is based on information provided by the Debtor or Debtor's Plan Proponent. The
11 information contained in this Disclosure Statement is provided by **Plan Proponent**. The Plan Proponent represents that everything stated in the
12 Disclosure Statement is true to the Proponent's best knowledge. The Court has not yet determined whether or not the Plan is confirmable and
13 makes no recommendation as to whether or not you should support or oppose the Plan.

14 **II.**

15 **BACKGROUND**

16 **A. Description and History of the Debtor's Business**

17 The debtor is a **Limited Liability Company**.

18 The debtor is in the business of purchasing, renting and managing **commercial real estate**.

19 The debtor has been in this business since October 19, 1999.

20 Revised October 2010

Key Page # 6

F 3017-1

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1 **B. Principals/Affiliates of Debtor's Business**

2 **Sandy Hsuahyun Lee and Frank Nianfu Lee.**

3 **C. Management of the Debtor Before and After the Bankruptcy**

4 JAMES LEE. James Lee is the son of Sandy Hsuahyun Lee and Frank Nianfu Lee.

5 **D. Events Leading to Chapter 11 Filing**

6 Here is a brief summary of the circumstances that led to the filing of this Chapter 11 case: In March 2004, CKL Investment Corporation and The
7 Best Union, LLC separately completed like-kind exchanges when each entity sold its respective real estate to jointly exchange into a single
8 acquired property. The acquired property is an office building located in West Covina, California (hereafter "West Covina Office"). CKL
9 investment Corporation's netted proceed from the sale of its prior real estate was merely sufficient to acquire 52% of West Covina Office. So The
10 Best Union, LLC contributed to acquire 48% of West Covina Office as tenant-in-common. West Covina Office has a major lease with the Child
11 Support Services Department of Los Angeles County (hereinafter "CSSD") that expires on December 16, 2012. CSSD was expected to
12 vacate upon lease expiration because their existing floor plan had become obsolete for their planned usage. CSSD had informed the landlord
13 that they want to completely redesign their floor plan by demolishing walls and constructing new offices. However, construction would be
14 impossible to complete within CSSD's space without disrupting their daily operations and affecting their staff. To avoid such disruption, CSSD
15 was to move to a pre-built space if they were able to find another suitable location. To minimize expenses, CKL Investment Corporation has
16 transferred its assets to The Best Union, LLC. The Best Union, LLC now solely owns and manages West Covina Office. The Best Union, LLC
17 also owns a retail property located in Fresno (hereafter "Fresno Retail"), which is financially stable.

18 CSSD's rent is about 74% of West Covina Office's rental income. At the present time CSSD lease has ended on December 16, 2012.
19 CSSD is staying on as a holdover tenant with a promise to pay an additional amount equal to 50% more than current monthly lease payment.

20 Revised October 2010

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1 CSSD has indicated they will be vacating the premises at the end of the year BUT has not served any notices to vacate because they are still
2 looking for alternative to re-locate.

3 **E. Significant Events During the Bankruptcy**

4 **1. Bankruptcy Proceedings**

5 The following is a chronological list of significant events which have occurred during this case:

- 6 a. The Meeting of creditors was held on August 2, 2012 and the Initial Debtor interview was held on July 17, 2012.
- 7 b. The first Status Conference in the case was held on August 8, 2012.
- 8 c. Use of cash collateral held by Bank of China was approved after several attempts by both parties to arrive at an agreement.
9 The stipulation for approval of cash collateral for the period following has been delayed until Bank of China approves the
10 same, however permission has been granted by counsel for Bank of China to pay expenses approved this far while waiting for
11 approval from his client.
- 12 d. Use of cash collateral by SPCP Group V, LLC was agreed upon until December 31, 2012. Thereafter, SPCPGroup V, LLC
13 approved use of cash collateral till June 30, 2013.
- 14 e. The Court set a Bar Date of November 30, 2012 and notice of the same was sent to all creditors on August 27, 2012. Bank of
15 China filed its Proof of Claim on January 11, 2013. SPCP Group V. LLC filed its claim on October 24, 2012 prior to the Bar
16 Date.
- 17 f. The Court has approved the employment of the following professionals: **Sabaratnam & Associates as General Counsel of**
18 **the Debtor by order granting Application to employ signed on August 3, 2012. The following Applications for**
19 **Employment of Professionals have been filed and are pending:**

1 i. Application to Employ Cara Hagan as tenancy matters counsel; There is an objection to this application and the matter
2 has been set for hearing on April 17, 2013 at 9.30 a.m.

3 ii. Application to Employ Cushman & Wakefield as Brokers for rental of the West Covina space and as Brokers to sell the
4 West Covina Property.

5 Currently, the following significant adversary proceedings and motions are still pending: **NONE.**

6 **2. Other Legal Proceedings**

7 In addition to the proceedings discussed above, the Debtor is currently involved in the following non-bankruptcy legal proceedings:

8 NONE.

9 **3. Actual and Projected Recovery of Preferential or Fraudulent Transfers**

10 **There are no fraudulent or preferential transfers Therefore there is nothing** to be realized from the recovery of fraudulent and
11 preferential transfers. The following is a summary of the fraudulent conveyance and preference actions filed or to be filed in this case: **NONE.**

12 **4. Procedures Implemented to Resolve Financial Problems**

13 To attempt to fix the problems that led to the bankruptcy filing, Debtor has implemented the following procedures:

14 Debtor has retained a Broker to market the West Covina Property for lease of the available space including the space now occupied by
15 CSSD and for sale.

16 **5. Current and Historical Financial Conditions**

17 The identity and fair market value of the estate's assets are listed in Exhibit A. See also the Debtor's financial history set forth in Exhibit B.

18 **III.**

19 **SUMMARY OF THE PLAN OF REORGANIZATION**

20 Revised October 2010

21 Key Page # 9

22 **F 3017-1**
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1 **A. What Creditors and Interest Holders Will Receive Under the Proposed Plan**

2 As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority. The
3 Plan states whether each class of claims or interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

4 **B. Unclassified Claims**

5 Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do
6 not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the
7 Proponent has not placed the following claims in a class.

8 **1. Administrative Expenses**

9 Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code
10 section 507(a)(1). The Code requires that all administrative claims be paid on the Effective Date of the Plan, unless a particular claimant agrees
11 to a different treatment.

12 The following chart lists all of the Debtor's § 507(a)(1) administrative claims and their treatment under the Plan. (see Exhibit F for detailed
13 information about each administrative expense claim):

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Sabaratnam & Associates	\$56,000approx	Paid in full upon court order
Cushman & Wakefield	Pending	Paid in full upon sale of property and court order
Cara Hagan of Hagan & Associates	Pending	Paid in full upon Court Order
Clerk's Office Fees		Paid in Full on Effective Date
Office of the U.S. Trustee Fees		Paid in Full on Effective Date
	TOTAL	

Court Approval of Fees Required:

The Court must rule on all fees listed in this chart before the fees will be owed. For all fees except Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be owed and required to be paid under this Plan.

As indicated above, the Debtor will need to pay **\$56,000 +** worth of administrative claims on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on the claim. As indicated elsewhere in this Disclosure Statement, Debtor will have more than sufficient cash on hand on the Effective Date of the Plan. The source of this cash will be **funds in the estate**.

2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Code requires that the holders of priority pre-petition tax claims receive cash payments over a period not later than 5 years after the petition date. (See

11 USC Section 507(a)(8) in relevant part: The Code requires *that with respect to a claim of a kind specified in section 507(a)(8) of this title [11 USCS § 507(a)(8)], the holder of such claim will receive on account of such claim regular installment payments in cash--*

(i) *of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;*

(ii) *over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303 [11 USCS § 301, 302, or 303.]*

The following chart lists all of the Debtor's Section 507(a)(8) priority tax claims and their treatment under the Plan: **There are no claims in this section. No claims were filed in the case by taxing authorities.**

<u>Description</u>	<u>Amount Owed</u>	<u>Treatment</u>																		
<ul style="list-style-type: none"> • Name = • Type of tax = • Date tax assessed = 		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Pymt interval</td> <td style="width: 5%; text-align: center;">=</td> <td style="width: 15%;"></td> </tr> <tr> <td>Pymt amt/interval</td> <td style="text-align: center;">=</td> <td></td> </tr> <tr> <td>Begin date</td> <td style="text-align: center;">=</td> <td></td> </tr> <tr> <td>End date</td> <td style="text-align: center;">=</td> <td></td> </tr> <tr> <td>Interest Rate %</td> <td style="text-align: center;">=</td> <td></td> </tr> <tr> <td>Total Payout Amount _____%</td> <td style="text-align: center;">=</td> <td style="text-align: right;">\$</td> </tr> </table>	Pymt interval	=		Pymt amt/interval	=		Begin date	=		End date	=		Interest Rate %	=		Total Payout Amount _____%	=	\$
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Total Payout Amount _____%	=	\$																		

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's allowed secured pre-petition claims and their treatment under this Plan :

SECURED CLAIM OF BANK OF CHINA

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRE</u> <u>D</u> (Y/N)	<u>TREATMENT</u>
1	Secured claim of: Name =Bank of China • Collateral description =West Covina Property • Collateral value =7 million • Priority of security int. =1st • Principal owed =\$6,781,721.17 • Pre-pet. arrearage amount =0 • Post-pet. arrearage amount =0 • Total claim amount of \$6,945,639.53, plus any additional fees, costs, expenses or interest permitted by the loan documents.	N	N	<ul style="list-style-type: none"> • Pymt interval =monthly • Pymt amt/interval =\$32,000(variable) • Total pymt =Full claim amount paid at closing of sale • Begin date =10/11/2007 • End date =TBD (within 3 months of confirmation of Plan unless extended by Bank of China in writing) • Interest rate % • Total payout _% • Treatment of Liens and Claims Contract rate * See Below SEE BELOW * NOTE: on next page

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*** NOTE**

(1) The secured claim of Bank of China is deemed allowed in full pursuant to the Plan in the total amount of \$6,945,639.53, plus any additional fees, costs, expenses or interest permitted under the loan documents. Should the disposition of the West Covina property not result in a full payoff to Bank of China, Bank of China will retain an unsecured deficiency claim against the Debtor. Nothing in the Plan or Disclosure Statement shall restrict or limit the rights and remedies of Bank of China to pursue claims or recoveries against guarantors or other non-debtor entities relating to this loan.

(2) Notwithstanding to Debtor's bankruptcy proceeding, the Bank of China shall retain all liens, rights, claims and remedies set forth in the pre-petition loan documents, including but not limited to the liens, rights, claims and remedies established by (i) that certain Loan Agreement, dated as of September 21, 2007 (as the same may have been amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"); (ii) that certain Promissory Note, dated as of September 21, 2007 (as the same may have been amended, restated, supplemented or otherwise modified from time to time, the "Note"), in the original principal amount of \$6,800,000.00; (iii) a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents and Leases covering the West Covina Property and securing the Note dated as of September 21, 2007 and recorded on or around October 12, 2007 (the "Deed of Trust"); (iv) that certain Security Agreement, dated as of September 21, 2007, whether the property subject to such liens is retained by the Debtor or transferred to another entity.

(3) Debtor and Bank of China, through respective counsel, have agreed that the Debtor and Bank of China, through a mutually agreeable broker, will market the West Covina Property for sale commencing immediately and that Debtor will have three (3) months from date of confirmation to obtain the highest and best offer and enter into a binding contract for an all cash sale of the

1 West Covina property that is acceptable to Bank of China. Should the sale price not be sufficient to pay off Bank of China in full,
2 Bank of China shall be given the option to veto any such sale. Bank of China and its counsel are authorized to communicate directly
3 with the broker regarding the marketing and sale of the West Covina Property and terms of the agreement with the broker. The three
4 month post-confirmation time period for a sale may be extended only by the written consent or election of the Bank of China.
5 Should a purchase contract not be entered into within three months of plan confirmation (or such additional time period granted by
6 Bank of China), the Bank of China may elect instead for the Debtor to turn over the West Covina Property, either via a deed-in-lieu
7 of foreclosure or through a non-judicial foreclosure (at the option of Bank of China) and the Debtor hereby stipulates and agrees that
8 relief from stay is hereby granted to accomplish the same without further need for any Court authorization or order.

9 (4) Until the Bank of China loan is paid off in full, via sale or turn over of the West Covina Property either via a deed-in-lieu
10 of foreclosure or through a non-judicial foreclosure, the Debtor shall continue to make all monthly principal and interest payments
11 due under the loan documents, along with any other payments required under the loan documents or terms of the Plan of
12 Reorganization.

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SECURED CLAIM OF SPCP Group V, LLC

2	<p>Secured claim of:</p> <ul style="list-style-type: none"> • Name =SPCP Group V, LLC • Collateral description =Fresno Property • Collateral value =2.5 million • Priority of security int. =1st • Principal owed =\$2,226,752.25 • Pre-pet. arrearage amount =0 • Post-pet. arrearage amount =0 • Total claim amount =\$2,271,409.44 <p>Proof of Claim was filed on October 24, 2012. Bar Date was November 30, 2012.</p>	N	N	<ul style="list-style-type: none"> • Pymt interval =Monthly • Pymt amt/interval =\$14559.38 • Balloon pymt =\$2,018,608 • Begin date =10/3/2007 • End date =11/1/2017 • Interest rate % =Contract rate 	<ul style="list-style-type: none"> • Total payout _% = 100% • Treatment of Lien = The holders of this claim shall retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of this claims;NOTE: Property will be re-financed prior to the end date of the contract
---	--	---	---	--	--

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The following chart lists all classes containing Debtor's 507(a)(3), (a)(4), (a)(5), (a)(6), and (a)(7) priority unsecured claims and their treatment under this Plan (see Exhibit G for more detailed information about each priority unsecured claim): **THERE ARE NO PRIORITY**

Unsecured claims

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
	Priority unsecured claim pursuant to <ul style="list-style-type: none"> Total amt of claims = 		<ul style="list-style-type: none"> Paid in full in cash on Effective Date
	•		•

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan's treatment of the class containing all of Debtor's general unsecured claims (see Exhibit H for detailed information about each general unsecured claim):

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>	
3	General unsecured claims • Total amt of claims = \$2136	y	<ul style="list-style-type: none"> • Pymt interval • Pymt amt/interval • Begin date • End date • Interest rate % • Total payout 100% 	=None =TOTAL =Effective Date =Effective Date =0% =\$2136

4. Class(es) of Interest Holders

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtor is the interest holder. The following chart identifies the Plan's treatment of the Class (60) of interest holders (see Exhibit I for more detailed information about each interest holder):

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
4	Interest holders	y	None

D. Means of Effectuating the Plan

1. Funding for the Plan

The plan will be funded by the following: **reorganizing debtor and sale of West Covina Property.**

1 **2. Post-Confirmation Management**

2 **James Lee.**

3 **3. Disbursing Agent**

4 **James Lee** shall act as the disbursing agent for the purpose of making all distributions provided for under the Plan. The Disbursing
5 Agent shall serve **without** bond and shall receive 0 for distribution services rendered and expenses incurred pursuant to the Plan.

6 **E. Risk Factors**

7 The proposed plan has the following risks:

8 The Debtor has provided the scenarios that may take place based on sale of the property or return of the property to the lender in the
9 case of the West Covina property. There is no risk to Bank of China as they will get the proceeds of the sale or the property back.

10 There is no risk to unsecured creditors as they will be paid in full.

11 **F. Other Provisions of the Plan**

12 **1. Executory Contracts and Unexpired Leases**

13 **a. Assumptions**

14 The following are the unexpired leases and executory contracts to be assumed as obligations of the reorganized Debtor under this
15 Plan (see Exhibit C for more detailed information on unexpired leases to be assumed and Exhibit D for more detailed information on executory
16 contracts to be assumed):

17 On the Effective Date, each of the unexpired leases and executory contracts listed above shall be assumed as obligations of the
18 reorganized Debtor. The Order of the Court confirming the Plan shall constitute an Order approving the assumption of each lease and contract
19 listed above. If you are a party to a lease or contract to be assumed and you object to the assumption of your lease or contract, you must file

1 and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. See Section {I.B.3.} of this document for the
2 specific date.

3 **b. Rejections**

4 On the Effective Date, the following executory contracts and unexpired leases will be rejected:

5 The order confirming the Plan shall constitute an Order approving the rejection of the lease or contract. If you are a party to a
6 contract or lease to be rejected and you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within
7 the deadline for objecting to the confirmation of the Plan. See Section {I.B.3.} of this document for the specific date.

8 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF A LEASE OR
9 CONTRACT IS **November 30, 2012**. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed,
10 unless the Court later orders otherwise.

11 **2. Changes in Rates Subject to Regulatory Commission Approval**

12 This Debtor is not subject to governmental regulatory commission approval of its rates.

13 **3. Retention of Jurisdiction**

14 The Court will retain jurisdiction to the extent provided by law.

15 **G. Tax Consequences of Plan**

16 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD
17 CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is
18 intended solely for the purpose of alerting readers about possible tax issues this Plan may present to the Debtor. The Proponent CANNOT and
19

1 DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code
2 embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

3 The following are the tax consequences which the Plan will have on the Debtor's tax liability:

4 : **Debtor may have tax consequences from capital gains from sale of real property.**

5 **IV.**

6 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

7 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OR THIS PLAN SHOULD CONSULT WITH THEIR OWN
8 ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is
9 intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines
10 for filing claims. The proponent CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on
11 this topic.

12 Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed
13 in good faith, acceptance of the Plan, whether the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and
14 whether the Plan is feasible. These requirements are not the only requirements for confirmation.

15 **A. Who May Vote or Object**

16 **1. Who May Object to the Confirmation of the Plan**

17 Any party in interest may object to the confirmation of the Plan, but as explained below not everyone is entitled to vote to accept or reject
18 the Plan.

19 **2. Who May Vote to Accept/Reject the Plan**

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1 A creditor or interest holder has a right to vote for or against the Plan if that creditor or interest holder has a claim which is both (1)
2 allowed or allowed for voting purposes and (2) classified in an impaired class.

3 **a. What is an Allowed Claim/Interest**

4 As noted above, a creditor or interest holder must first have an allowed claim or interest to have the right to vote. Generally, any
5 proof of claim or interest will be allowed, unless a party in interest brings a motion objecting to the claim. When an objection to a claim or interest
6 is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either overrules the
7 objection or allows the claim or interest for voting purposes.

8 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS **November 30, 2012**. A creditor or interest holder may
9 have an allowed claim or interest even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the
10 Debtor's schedules and such claim is not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the
11 claim. An interest is deemed allowed if it is scheduled and no party in interest has objected to the interest. Consult Exhibits F through L to see
12 how the Proponent has characterized your claim or interest.

13 **b. What is an Impaired Claim/Interest**

14 As noted above, an allowed claim or interest only has the right to vote if it is in a class that is impaired under the Plan. A class is
15 impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general
16 unsecured claims is impaired if the Plan fails to pay the members of that class 100% of what they are owed.

17 In this case, the Proponent believes that class 3 is impaired and that holders of claims in each of these classes are therefore
18 entitled to vote to accept or reject the Plan. The Proponent believes that classes **1 and 2** are unimpaired and that holders of claims in each of
19 these classes therefore do not have the right to vote to accept or reject the Plan. Parties who dispute the Proponent's characterization of their

1 claim or interest as being impaired or unimpaired may file an objection to the Plan contending that the Proponent has incorrectly characterized
2 the class.

3 **3. Who is Not Entitled to Vote**

4 The following four types of claims are not entitled to vote: (1) claims that have been disallowed; (2) claims in unimpaired classes; (3)
5 claims entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and (a)(8) (**76**); and (4) claims in classes that do not receive or retain any
6 value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes are deemed to have accepted the Plan. Claims
7 entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed in classes
8 and they are required to receive certain treatment specified by the Code. Claims in classes that do not receive or retain any value under the Plan
9 do not vote because such classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU
10 MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

11 **4. Who Can Vote in More Than One Class**

12 A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim is entitled to accept or reject a
13 Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim.

14 **5. Votes Necessary to Confirm the Plan**

15 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class has accepted the Plan without
16 counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be
17 confirmed by “cramdown” on non-accepting classes, as discussed later in Section {IV.A.8.}.

18 **6. Votes Necessary for a Class to Accept the Plan**

1 A class of claims is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar
2 amount of the claims which actually voted, voted in favor of the Plan. A class of interests is considered to have accepted the Plan when at least
3 two-thirds (2/3) in amount of the interest-holders of such class which actually voted, voted to accept the Plan.

4 **7. Treatment of Nonaccepting Classes**

5 As noted above, even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan if the
6 nonaccepting classes are treated in the manner required by the Code. The process by which nonaccepting classes are forced to be bound by
7 the terms of the Plan is commonly referred to as “cramdown.” The Code allows the Plan to be “crammed down” on nonaccepting classes of
8 claims or interests if it meets all consensual requirements except the voting requirements of 1129(a)(8) and if the Plan does not “discriminate
9 unfairly” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C. § 1129(b) and
10 applicable case law.

11 **8. Request for Confirmation Despite Nonacceptance by Impaired Class(es)**

12 The party proposing this Plan, the Plan Proponent asks the Court to confirm this Plan by cramdown on impaired classes if any of these
13 classes do not vote to accept the Plan. Please note that the proposed Plan treatment described by this Disclosure Statement cannot be
14 crammed down on the following classes : **NA**. AS A RESULT, IF ANY OF THESE CLASSES DOES NOT VOTE TO ACCEPT THE PLAN, THE
15 PLAN WILL NOT BE CONFIRMED.

16 **B. Liquidation Analysis**

17 Another confirmation requirement is the “Best Interest Test”, which requires a liquidation analysis. Under the Best Interest Test, if a
18 claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or
19

1 interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the
2 Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

3 In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds
4 of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any
5 remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of
6 their allowed claim in relationship to the amount of total allowed unsecured claims. Finally, interest holders receive the balance that remains after
7 all creditors are paid, if any.

8 For the Court to be able to confirm this Plan, the Court must find that all creditors and interest holders who do not accept the Plan will
9 receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Plan Proponent maintains that this
10 requirement is met here for the following reasons:

11 Below is a demonstration, in balance sheet format, that all creditors and interest holders will receive at least as much under the Plan as
12 such creditor or interest holder would receive under a Chapter 7 liquidation. (See Exhibit E for a detailed explanation of how the following assets
13 are valued. This information is provided by **Plan Proponent**.

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1 ASSET VALUE AT LIQUIDATION: SEE EXHIBIT E.

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<u>CLAIMS & CLASSES (85)</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Administrative Claims	100%	U
Priority Tax Claims	NA	NA
Class 1 –	Property will be sold or returned to the lender	Less than 100%
Class 2 –	Same	Same
Class 3	100%	0
Class 4 –	0	0

C. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

1 There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on
2 hand on the Effective Date of the Plan to pay all the claims and expenses which are entitled to be paid on such date. The Plan Proponent
3 maintains that this aspect of feasibility is satisfied as illustrated here:

Cash debtor will have on hand by Effective Date	\$721,698
To Pay: Administrative claims	\$56,000
To Pay: Statutory costs & charges	-u
To Pay: Other Plan Payments due on Effective Date	-2136
Balance after paying these amounts.....	\$663,562
	approximately

1 The sources of the cash Debtor will have on hand by the Effective Date, as shown above are:

2

521698	Cash in DIP Account now
+200,000	Additional cash DIP will accumulate from net earnings between now and Effective Date
+0	Borrowing
+0	Capital Contributions
+0	Other
\$721,698	Total

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9 Borrowing is from NA and will be paid back as follows: **NA**.

10 The second aspect considers whether the Proponent will have enough cash over the life of the
11 Plan to make the required Plan payments.

12 The Proponent has provided financial statements which include both historical and projected
13 financial information. Please refer to Exhibit B for the relevant financial statements. YOU ARE ADVISED TO CONSULT WITH YOUR
14 ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE FINANCIAL STATEMENTS.

15 In summary, the Plan proposes to pay **100%**. Debtor will not be making monthly plan payments.

V.

EFFECT OF THE CONFIRMATION OF PLAN

A. Discharge

This Plan provides that upon **confirmation Debtor shall be discharged** of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. However, the discharge will not discharge any liability imposed by the Plan.

B. Revesting of Property in the Debtor

Except as provided in Section {V.E.}, and except as provided elsewhere in the Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

C. Modification of Plan

The Proponent of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Proponent of the Plan may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan, Plan Proponent shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days and served on the same entities.

1 **E. Quarterly Fees**

2 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall be paid to the United States Trustee on or before the
3 effective date of the plan. Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United States Trustee in
4 accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of an order of dismissal or conversion to chapter 7.

5 **F. Post-Confirmation Conversion/Dismissal**

6 A creditor or party in interest may bring a motion to convert or dismiss the case under § 1112(b), after the Plan is confirmed, if there is a
7 default in performing the Plan. If the Court orders, the case converted to Chapter 7 after the Plan is confirmed, then all property that had been
8 property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7, estate. The automatic stay
9 will be reimposed upon the revested property, but only to the extent that relief from stay was not previously authorized by the Court during this
10 case.

11 The order confirming the Plan may also be revoked under very limited circumstances. The Court may revoke the order if the order of
12 confirmation was procured by fraud and if the party in interest brings an adversary proceeding to revoke confirmation within 180 days after the
13 entry of the order of confirmation.

1 **G. Final Decree**

2 Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan Proponent, or other party as the Court
3 shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

4
5 DATE: 4/15/2013

6 JAMES LEE
7 Name and Identity of Plan Proponent

8 /s/James Lee
9 Signature of Plan Proponent
(optional unless party is pro se)

10
11 /s/.Mufthiha Sabaratnam
Signature of Attorney for Plan Proponent

12
13 Mufthiha Sabaratnam
Name of Attorney for Plan Proponent

14
15 Sabaratnam & Associates
Name of Law Firm for Plan Proponent