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9 **UNITED STATES BANKRUPTCY COURT**

10 **DISTRICT OF ARIZONA**

11 In Re:

12 Donna Lee Rager,

13 Debtor.

14 In Proceedings Under Chapter 11

15 Case No.: 2:15-bk-13897-MCW

16 **AMENDED DISCLOSURE STATEMENT**

17 **I. INTRODUCTION**

18 This is the Amended Disclosure Statement (the “Disclosure Statement”) in the Chapter
19 11 case of Donna Lee Rager (the “Debtor”). The Disclosure Statement contains information
20 about the Debtor and describes the Chapter 11 Plan of Reorganization (the “Plan”) filed by
21 Debtor. A full copy of the Plan is attached hereto for your review as **Exhibit “A”** and describes
22 how each creditor’s claim will be treated if the Plan is confirmed. *Your rights may be affected.*
23 *You should read the Plan and this Disclosure Statement carefully and discuss with your*
24 *attorney. If you do not have an attorney, you may wish to consult one.*

25 The proposed distributions under the Plan are discussed at pages 04-09 of this Disclosure
26 Statement. General unsecured creditors are classified in Class 2, and will receive a *pro rata*
27 portion of \$36,000, likely to result in a 26.51% recovery of allowed claims in quarterly
28 payments over five years from the Effective Date of the Plan.

A. PURPOSE OF THIS DOCUMENT

This Disclosure Statement is intended to summarize and analyze the proposed Plan of
Reorganization of Debtor. The Disclosure Statement attempts to make factual disclosures
relevant to your decision to accept or reject the Plan. To the extent any statement made in this

In re: Rager
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1

1 Disclosure Statement is inconsistent with any provision in the actual Plan, the terms and
2 provisions of the Plan control. In particular, the definitions of the Plan are incorporated herein.
3 Any representations or inducements made to secure acceptance of the Plan other than those
4 made or referred to in this Disclosure Statement should not be relied on by any party in
5 interest. Although every effort has been made by the Debtor to be accurate in her statements
6 included in this Disclosure Statement, the Debtor's records have not been audited, and are not
7 warranted to be without inaccuracies.

8 No representations concerning the bankruptcy estate, the debtor or the plan are
9 authorized other than as set forth in this disclosure statement. You should not rely on any
10 representations or inducements made to secure your acceptance of the plan other than those
11 contained in this Disclosure Statement as approved by the bankruptcy court.

12 The Court has not verified the accuracy of the information contained in this Disclosure
13 Statement. The Court's approval hereof only signifies that if the information contained herein
14 is accurate, it is sufficient to provide creditors and interested parties an adequate basis to decide
15 whether to accept or reject the plan. Court approval is not a judicial endorsement of the plan.

16 This Disclosure Statement describes:

- 17 • The Debtor and significant events during the bankruptcy case;
 - 18 • How the Plan proposes to treat claims or equity interests of the type you hold (*e.g.*, what
19 you will receive on your claim or equity interest if the plan is confirmed);
 - 20 • Who can vote on or object to the Plan;
 - 21 • What factors the Bankruptcy Court (the "Court") will consider when deciding whether
22 to confirm the Plan;
 - 23 • Why the Debtor believes the Plan is feasible, and how the treatment of your claim or
24 equity interest under the Plan compares to what you would receive on your claim or
25 equity interest in liquidation; and
 - 26 • The effect of confirmation of the Plan.
- 27
28

1 **B. DEADLINES FOR VOTING AND OBJECTING; DATE OF PLAN CONFIRMATION**
2 **HEARING**

3 The Court has not yet confirmed the Plan described in this Disclosure Statement. This
4 section describes the procedures pursuant to which the Plan will or will not be confirmed.

5 The Bankruptcy Court will hold a hearing on approval of the Disclosure Statement on
6 09/13/2016 at 10:00 am at the United States Bankruptcy Court, 230 N. First Avenue, 7th Floor,
7 Courtroom 702, Phoenix, AZ, before the Honorable Madeleine C. Wanslee.

8 Any objections to confirmation of the Plan or approval of the Disclosure Statement must
9 be filed and served by the time and date of the hearing, or in person at the hearing. If there is
10 any modification to the Plan, the Bankruptcy Court will determine whether it is a material
11 modification and whether a further hearing, re-voting, or change of any deadline is required.

12
13 **II. BACKGROUND**

14 **A. EVENTS LEADING TO CHAPTER 11 FILING**

15 On June 28, 2013, Debtor came home from work and was assaulted and held hostage in
16 her home. The assailant is now incarcerated and expected to serve 10 years, but Debtor had to
17 endure the ongoing criminal case against him for over a year. During a medical examination
18 following the attack, Debtor was diagnosed with two brain aneurisms and had to have brain
19 surgery on one of the aneurisms in December 2013. After the attack and while recovering from
20 the brain surgery, Debtor was unable to pay her debts and fell behind on payments.

21 Citibank, N.A. filed a lawsuit against Debtor on June 13, 2014. Debtor tried to fight the
22 lawsuit, but Citibank, N.A. was able to obtain a judgment on February 19, 2015. On July 10,
23 2015, Citibank, N.A. filed a Writ of Garnishment.

24 In addition to Citibank, N.A., Debtor had incurred additional unsecured credit card debt
25 and medical debt after her attack and during her recovery while she was unable to work.

26 As a result of the attack, Debtor sought legal counsel regarding a personal bankruptcy
27 filing.

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2 **B. SIGNIFICANT EVENTS DURING THE BANKRUPTCY CASE**

3 Debtor filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code on
4 October 29, 2015. On December 3, 2015, the United States Trustee advised the Court that
5 committee under 11 U.S.C. §1102 has not been appointed because an insufficient number of
6 persons holding unsecured claims against the Debtor have expressed interest in serving on a
7 committee. No trustee or examiner has been appointed.

8 The Bankruptcy Court has approved the employment of Neeley Law Firm, PLC as
9 counsel for the bankruptcy proceedings. The Bankruptcy Court has approved the employment
10 of Steven A. Kaiblinger as accountant for the bankruptcy proceedings.

11 An Order Setting Bar Date for Filing Proofs of Claim was April 4, 2016.

12 **C. PROJECTED RECOVERY OF AVOIDABLE TRANSFERS**

13 The Debtor is not aware of any preference, fraudulent conveyance, or other potential
14 avoidance actions.

15 **D. CLAIM OBJECTIONS**

16 Except to the extent that a claim is already allowed pursuant to a final non-appealable
17 order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed
18 for voting purposes, you may not be entitled to a distribution if an objection to your claim is
19 later upheld. The procedures for resolving disputed claims are set forth in the Plan.

20 **E. CURRENT AND HISTORICAL FINANCIAL CONDITION OF DEBTOR**

21 The identity and fair market value of the estate's assets are listed in **Exhibit "1"** and was
22 obtained from the Debtor at the time of filing.

23 Despite the traumatic events in her life, the Debtor has been able to move forward with
24 her life emotionally and financially. She has operated a successful dog grooming business
25 since 2003, in which she works and pays herself a steady income. A summary of the Debtor's
26 monthly operating reports filed since the commencement of the Debtor's bankruptcy case is set
27 forth in **Exhibit "2"**. The operating reports reflect \$1,000.00 as cash on hand each month, the
28

1 Debtor held this \$1,000.00 cash on hand on the Petition Date as shown in the beginning
2 balance in the Operating Report for November, 2015 filed January 18, 2016 at DE 35.
3 Although, each operating report reflects a beginning balance of \$1,000.00 cash on hand, the
4 money has been disbursed since the filing of the case. This \$1,000 should have been removed
5 from subsequent operating reports as it was spent, but was erroneously left on. The Debtor
6 does not have income from any sources except the dog grooming business.

7 A Plan budget attached as **Exhibit "3"** lists an expected average annual income
8 throughout the life of the Plan and these numbers have been determined based on Debtor's
9 expectations of income over the next five years. The Debtor provided her monthly expenses at
10 the time of filing and believes these will not change significantly over the life of the Plan.

11
12 **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF**
13 **CLAIMS AND EQUITY INTERESTS**

14 **A. WHAT IS THE PURPOSE OF THE PLAN OF REORGANIZATION?**

15 As required by the Code, the Plan places claims and equity interests in various classes
16 and describes the treatment each class will receive. The Plan also states whether each class of
17 claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery
18 will be limited to the amount provided by the Plan.

19 **B. UNCLASSIFIED CLAIMS**

20 Certain types of claims are automatically entitled to specific treatment under the Code.
21 They are not considered impaired, and holders of such claims do not vote on the Plan. They
22 may, however, object if, in their view, their treatment under the Plan does not comply with that
23 required by the Code. As such, the Plan Proponent has not placed the following claims in any
24 class:

1 **1. Administrative Expenses**

2 1(a) Professional Fees.

3 The following professionals have agreed to accept payment over time as follows.
4 Payments will be made monthly, due on the 15th day of the month, starting the first full calendar
5 month after the Effective Date (subject to approval of fees by the Bankruptcy Court). Payments
6 to general unsecured creditors will be made quarterly after administrative claims and priority
7 claims are paid in full.

8

Name and Role of Professional	Estimated Amount	Proposed Treatment
Neeley Law Firm, PLC	\$10,000	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to the Court Order if such fees have not been approved by the Court on the Effective Date of the Plan.
Steven A. Kaiblinger	\$5,000	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to the Court Order if such fees have not been approved by the Court on the Effective Date of the Plan.

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18 **Estate professionals are not entitled to vote on confirmation of the Plan.**

19 1(b) Post-Confirmation Compensation of Professional Persons.

20 Compensation for services rendered and for reimbursement of expenses by a
21 professional person after the Effective Date need not be approved by the Bankruptcy Court.
22 Professional persons may invoice the reorganized Debtors (or other responsible third-party)
23 directly, and the reorganized Debtors (or other responsible third-party) may pay such invoices
24 without further order from the Bankruptcy Court.

25 1(c) United States Trustee Fees.

26 All fees payable to the United States Trustee as of confirmation will be paid on
27 the Effective Date; post-confirmation fees to the United States Trustee will be paid when due.
28

1 **2. Priority Tax Claims**

2 Priority tax claims are unsecured income, employment and other taxes described
3 by §507(a)(8) of the Code. Unless the holder of such a §507(a)(8) priority tax claim agrees
4 otherwise, it must receive the present value of such claim in regular installments paid over a
5 period not exceeding five years from the petition date. Payments to general unsecured creditors
6 will be made quarterly after administrative claims and priority claims are paid in full. Priority
7 claims will likely be paid in full early.

8 **C. CLASSES OF CLAIMS AND EQUITY INTERESTS**

9 The following are the classes set forth in the Plan, and the proposed treatment that they
10 will receive under the Plan:

11 **1. Classes of Secured Claims**

12 Allowed Secured Claims are claims secured by property of the Debtor’s
13 bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under
14 §506 of the Code. If the value of the collateral or setoffs securing the creditor’s claims is less
15 than the amount of the creditor’s allowed claim, the deficiency will be classified as a general
16 unsecured claim.

17 The following chart lists all classes containing Debtors’ secured prepetition
18 claims and their proposed treatment under the Plan:

19 **Creditor’s Rights Remain Unchanged**

Class	Name of Creditor	Description of Collateral
1A	CitiMortgage, LLC	533 W. Shannon Street Chandler, AZ 85225

20
21
22
23 These creditors’ legal, equitable, and contractual rights remain unchanged with respect
24 to the above collateral. The confirmation order will constitute an order for relief from stay.
25 Creditors in these classes shall retain their interest in the collateral until paid in full.

26 **These claims are not impaired and are not entitled to vote on confirmation of the**
27 **Plan.**

Debtor to Reduce Lien to Value of Collateral and Pay Over Time

Class	Name of Creditor	Collateral	Value	Interest Rate	Monthly Payment
1B	Gateway One Lending & Finance, LLC	2008 Jeep Wrangler	\$11,218	7%	\$330.00

Debtor contends that the value of the collateral is less than the amount of the claim. Debtor will pay as a secured claim the amount equal to the value of the collateral as established by Court Order or stipulation. Debtor will pay the above secured claim in full with interest from the Effective Date of the Plan through 60 equal monthly payments. Payments will be due on the 25th day of the month, starting the first full calendar month after the Effective Date. Any remaining amount due is a general unsecured claim treated in Section 3. Creditors in these classes shall retain their interest in the collateral until Debtor makes all payments on the allowed secured claim specified in the Plan.

Creditors in these classes may not repossess or dispose of their collateral so long as Debtor is not in material default under the Plan (defined in Section 7(c)).

These claims are impaired and are entitled to vote on confirmation of the Plan.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

3. Class of General Unsecured Claims

This class includes all known non-priority unsecured creditors, including deficiency claims, and rejection claims, whether scheduled or based on proofs of claim on file. Allowed claims of general unsecured creditors (including allowed claims of creditors whose executory contracts or unexpired leases are being rejected under this Plan) will be paid as follows:

1 Creditors will receive a *pro-rata* share of a fund totaling \$36,000.00 created by
2 Debtor's \$600.00 per month of disposable monthly income for a period of 60 months.
3 Debtor will commit these funds to general unsecured claims beginning in the first full
4 calendar month after the effective date. Pro-rata means the entire amount of the fund
5 divided by the entire amount owed to creditors with allowed claims in this class. Debtors
6 estimate that creditors will receive approximately 26.51% of their claims in this class.

7 Payments to general unsecured creditors will be made quarterly after
8 administrative claims and priority claims are paid in full. Any general unsecured
9 creditors expected to receive a *pro rata* share of less than \$50.00 will not receive a
10 payment unless a request is made in writing within 90 days of Effective Date to Debtor's
11 counsel at:

12 Donna Rager
13 c/o Neeley Law Firm, PLC
14 2250 E. Germann Rd, Suite 11
15 Chandler, AZ 85286

16 All payments will be completed before 60 months passes from the Effective Date
17 of the Plan.

18 **This class is impaired and is entitled to vote on confirmation of the Plan.**

19 **D. RISK FACTORS**

20 Debtor's ability to earn income is the only risk factor in this case. Based on the Debtor's
21 income history, she is expected to be able to pay claims as proposed in the Plan.

22 **E. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

23 The Plan lists all executory contracts and unexpired leases that the Debtor will assume
24 under the Plan. Assumption means that the Debtor has elected to continue to perform the
25 obligations under such contracts and unexpired leases, and to cure defaults of the type that must
26 be cured under the Code, if any.

1 If you object to the assumption of your unexpired lease or executory contract, the
2 proposed cure of any defaults, or the adequacy of assurance of performance, you must file and
3 serve your objection to the Plan within the deadline for objecting to the confirmation of the
4 Plan, unless the Court has set an earlier time.

5 **F. TAX CONSEQUENCES OF PLAN**

6 The confirmation and consummation of the Plan may result in federal and state income
7 tax consequences to holders of claims. Tax consequences to a particular creditor will depend on
8 the particular circumstances regarding the claim of that creditor.

9 Creditors concerned with how the plan may affect their tax liability should consult with
10 their own accountants, attorneys, and/or advisors.

11
12 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

13 To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the
14 Code. These include the requirements that: the Plan must be proposed in good faith; at least
15 one impaired class of claims must accept the plan, without counting votes of insiders; the Plan
16 must distribute to each creditor and equity interest holder at least as much as the creditor or
17 equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity
18 interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are
19 not the only requirements listed in § 1129, and they are not the only requirements for
20 confirmation.

21 **A. WHO MAY VOTE OR OBJECT**

22 Any party in interest may object to the confirmation of the Plan if the party believes that
23 the requirements for confirmation are not met.

24 Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A
25 creditor or equity interest holder has a right to vote for or against the Plan only if that creditor
26 or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for
27 voting purposes and (2) impaired.

1 In this case, the Plan Proponent believes that classes are impaired and that holders of
2 claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The
3 Plan Proponent believes that classes are unimpaired and that holders of claims in each of these
4 classes, therefore, do not have the right to vote to accept or reject the Plan.

5 **1. What Is an Allowed Claim or an Allowed Equity Interest?**

6 Only a creditor or equity interest holder with an allowed claim or an allowed
7 equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed
8 if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has
9 been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of
10 claim or equity interest, unless an objection has been filed to such proof of claim or equity
11 interest. When a claim or equity interest is not allowed, the creditor or equity interest holder
12 holding the claim or equity interest cannot vote unless the Court, after notice and hearing,
13 either overrules the objection or allows the claim or equity interest for voting purposes pursuant
14 to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

15 *The deadline for filing a proof of claim in this case was April 4, 2016.*

16 **2. What Is an Impaired Claim or Impaired Equity Interest?**

17 As noted above, the holder of an allowed claim or equity interest has the right to
18 vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a
19 class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the
20 members of that class.

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

22 The holders of the following five types of claims and equity interests are not
23 entitled to vote:

- 24
- 25 • holders of claims and equity interests that have been disallowed by an order of
26 the Court;
 - 27 • holders of other claims or equity interests that are not "allowed claims" or
28 "allowed equity interests" (as discussed above), unless they have been "allowed"

1 for voting purposes.

- 2 • holders of claims or equity interests in unimpaired classes;
- 3 • holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8)
- 4 of the Code; and
- 5 • holders of claims or equity interests in classes that do not receive or retain any
- 6 value under the Plan;
- 7 • administrative expenses.

8 *Even if you are not entitled to vote on the plan, you have a right to object to the confirmation*
9 *of the plan and to the adequacy of the Disclosure Statement.*

10 **4. Who Can Vote in More Than One Class?**

11 A creditor whose claim has been allowed in part as a secured claim and in part as
12 an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or
13 reject a Plan in each capacity, and should cast one ballot for each claim.

14 **B. VOTES NECESSARY TO CONFIRM THE PLAN**

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

20 **1. Votes Necessary for a Class to Accept the Plan**

21 A class of claims accepts the Plan if both of the following occur: (1) the holders
22 of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to
23 accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed
24 claims in the class, who vote, cast their votes to accept the Plan.

25 **2. Treatment of Nonaccepting Classes**

26 Even if one or more impaired classes reject the Plan, the Court may nonetheless
27 confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b)

1 of the Code. A plan that binds non-accepting classes is commonly referred to as a “cram down”
2 plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it
3 meets all the requirements for consensual confirmation except the voting requirements of
4 § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward
5 each impaired class that has not voted to accept the Plan.

6 You should consult your own attorney if a “cram down” confirmation will affect
7 your claim or equity interest, as the variations on this general rule are numerous and complex.

8 C. LIQUIDATION ANALYSIS

9 To confirm the Plan, the Court must find that all creditors and equity interest holders
10 who do not accept the Plan will receive at least as much under the Plan as such claim and
11 equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is
12 attached to this Disclosure Statement as **Exhibit “1”**.

13 D. FEASIBILITY

14 The Court must find that confirmation of the Plan is not likely to be followed by the
15 liquidation, or the need for further financial reorganization, of the Debtor or any successor to
16 the Debtor, unless such liquidation or reorganization is proposed in the Plan.

17 Debtor expects to have the ability to make payments over the life of the Plan, based on
18 her historical and current financial condition. Debtor has provided financial information in
19 **Exhibit “3”**.

20 You should consult with your accountant or other financial advisor if you have any
21 questions pertaining to these projections.

22 V. EFFECT OF CONFIRMATION OF PLAN

23 A. DISCHARGE OF DEBTOR

24 Confirmation of this Plan does not discharge any debt provided for in this Plan until the
25 Bankruptcy Court grants a discharge on completion of all payments under this Plan, or as
26 otherwise provided in § 1141(d)(5) of the Code, or the Bankruptcy Court grants a limited
27

1 (“hardship”) discharge as allowed under Bankruptcy Code § 1141(d)(5)(B). Debtors will not be
2 discharged from any debt excepted from discharge under § 523 of the Code, except as provided
3 in Rule 4007(d) of the Federal Rules of Bankruptcy Procedure.

4 **B. MODIFICATION OF PLAN**

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

7 Upon request of the Debtor, the United States trustee, or the holder of an allowed
8 unsecured claim, the Plan may be modified by the court at any time after confirmation of the
9 Plan but before the completion of payments under the Plan, to (1) increase or reduce the
10 amount of payments under the Plan on claims of a particular class, (2) extend or reduce the
11 time period for such payments, or (3) alter the amount of distribution to a creditor whose claim
12 is provided for by the Plan to the extent necessary to take account of any payment of the claim
13 made other than under the Plan.

14 **C. FINAL DECREE**

15 Once the estate has been fully administered, as provided in Rule 3022 of the Federal
16 Rules of Bankruptcy Procedure, the Debtor, or such other party as the Court shall designate in
17 the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close
18 the case. Alternatively, the Court may enter such a final decree on its own motion.

19
20 **VI. OTHER PLAN PROVISIONS**

21 **A. EFFECTIVE DATE OF PLAN**

22 The Effective Date of the Plan is the fifteenth day following the date of the entry of the
23 order of confirmation. If a notice of appeal has been filed, Debtor may waive the finality
24 requirement and put the Plan into effect, unless the order confirming the Plan has been stayed. If
25 a stay of the confirmation order has been issued, the Effective Date will be the first day after
26 that date on which no stay of the confirmation order is in effect, provided that the confirmation
27 order has not been vacated.

1 **B. DISPUTED CLAIM RESERVE**

2 Debtor does not dispute any claims.

3 **C. CRAMDOWN**

4 Pursuant to 11 U.S.C. § 1129(b), Debtor reserves the right to seek confirmation of the
5 Plan despite the rejection of the Plan by one or more classes of creditors. The Debtor’s ability to
6 “cramdown” this Plan over the objections of creditors may be affected, in part, by how the
7 Bankruptcy Court rules on the applicability of the “Absolute Priority Rule” in this case. The
8 Absolute Priority Rule provides, in essence, that junior claimants, including the Debtor, are
9 barred from retaining any non-exempt property under the Plan unless senior claimants are paid
10 in full. The Debtor asserts that the law in this District is that the Absolute Priority Rule will
11 apply to individual debtors in the event of a filed objection to the Chapter 11 Plan. *Zachary v.*
12 *California Bank (In re. Zachary)* 811 F.3d 1191, 1193 (9th Cir. 2016) (Holding that “a
13 bankruptcy judge may find that a debtor’s plan is ‘fair and equitable’ to an **objecting creditor**
14 only if the plan complies with the absolute priority rule”) (emphasis added). In the present case,
15 the Debtor proposes to retain non-exempt property and proposes to pay less than 100% of
16 claims, but does not anticipate any creditor objections. Additionally, the non-exempt property
17 that the Debtor proposes to retain is *de minimus*.

18 **D. SEVERABILITY**

19 If any provision in the Plan is determined to be unenforceable, the determination will in
20 no way limit or affect the enforceability and operative effect of any other provision of the Plan.

21 **E. GOVERNING LAW**

22 Except to the extent a federal rule of decision or procedure applies, the laws of the State
23 of Arizona govern the Plan.

24 **F. LAWSUITS AND OTHER CLAIMS FOR RELIEF**

25 Debtor believes that no causes of action exist for fraudulent transfers, voidable
26 preferences, or other claims for relief.
27
28

1 Without limiting the foregoing, Debtor retains all causes of action that they have against
2 any party, whether arising pre-petition or post-petition, and all such causes of action vest in the
3 reorganized Debtor on the Effective Date. The nondisclosure of unknown causes of action is not
4 a settlement, compromise, waiver or release of such cause of action, and does not judicially
5 estop the Debtor from asserting any such cause of action as a claim or defense. Confirmation of
6 the Plan does not constitute a settlement, compromise, waiver, or release of any cause of action
7 unless the Plan or Confirmation Order specifically and unambiguously so provide.

8 **G. NOTICES**

9 Any notice to the Debtor must be in writing, and will be deemed to have been given three
10 days after the date sent by first-class mail, postage prepaid and addressed as follows:

11 Donna Rager
12 c/o Neeley Law Firm, PLC
13 2250 E. Germann Rd, Suite 11
14 Chandler, AZ 85286

15 **H. POST-CONFIRMATION UNITED STATES TRUSTEE FEES**

16 Following confirmation, Debtor must continue to pay quarterly fees to the United States
17 Trustee to the extent, and in the amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtor
18 is required to make these payments, Debtor must file with the Bankruptcy Court quarterly
19 reports in the form specified by the United States Trustee for that purpose.

20
21 DATED: July 29, 2016

By: /s/ Donna Lee Rager
Donna Lee Rager
Debtor

24 /s/ Kenneth L. Neeley
Kenneth L. Neeley
Attorney for Debtor

26
27
28
In re: Rager
Case No. 15-13897

16

EXHIBIT 1

LIQUIDATION ANALYSIS: WHAT CREDITORS WOULD RECEIVE IF THE CASE WERE CONVERTED TO A CHAPTER 7

Real Property: 533 W. Shannon Street, Chandler, Arizona 85225

Fair Market Value	Liens	Amount of Exemption	Net Proceeds
\$221,736.00	\$145,235.47	\$150,000.00	\$0.00

Personal Property:

Description	Fair Market Value	Secured Claim	Amount of Exemption	Net Proceeds
Cash on Hand	\$1,000.00	N/A	\$0.00	\$1,000.00
Checking Account – US Bank (#2480)	\$0.00	N/A	\$0.00	\$0.00
Checking Account – US Bank (#2498)	\$2,000.00	N/A	\$300.00	\$1,700.00
Security Deposit with Business Landlord	\$1,164.00	N/A	\$2,000.00	\$0.00
Household Good and Furnishing	\$1,430.00	N/A	\$6,000.00	\$0.00
Miscellaneous Books	\$200.00	N/A	\$250.00	\$0.00
Miscellaneous Clothing	\$450.00	N/A	\$500.00	\$0.00
Watches	\$25.00	N/A	\$150.00	\$0.00
Glock 19	\$200.00	N/A	\$500.00	\$0.00
Sewing Machines	\$20.00	N/A	\$500.00	\$0.00
Flexible Premium Adjustable Life Insurance Policy	\$1,745.77	N/A	100%	\$0.00
IRA with Primerica	\$6,777.56	N/A	100%	\$0.00
2008 Jeep Wrangler	\$13,734.00	\$11,718.66	\$6,000.00	\$0.00
Business Assets	\$5,400.00	N/A	\$5,000.00	\$400.00
Pets	\$80.00	N/A	\$800.00	\$0.00
Total				\$3,100.00

In re: Rager
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Summary:

Net Proceeds of Real Property and Personal Property	\$3,100.00
Chapter 7 Trustee Fees	\$775.00
Priority Claims	\$0.00
NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS	\$2,325.00

Estimated Amount of Unsecured Claims	\$135,779.82
Percent Distribution to Unsecured Creditors Under Proposed Plan	26.51%
Percent Distribution to Unsecured Creditors Under Liquidation Analysis	1.71%

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EXHIBIT 2**SUMMARY OF PERSONAL INCOME AND EXPENSES ON MONTHLY OPERATING REPORTS**

Month	Docket Entry	Total Receipts	Total Distributions	Net
November 2015	35	\$13,137.22	\$12,019.49	\$1,117.73
December 2015	38	\$2,000.00	\$3,443.66	(\$1,443.66)
January 2016	51	\$4,000.00	\$1,782.57	\$2,217.43
February 2016	53	\$2,500.00	\$2,556.71	(\$56.71)
March 2016	56	\$10,000.00	\$9,395.84	\$604.16
April 2016	67	\$4,033.35	\$4,670.16	(\$636.81)
May 2016	71	\$2,240.00	\$2,136.52	\$103.48
June 2016	74	\$7,000.00	\$8,079.62	(\$1,079.62)
Average		\$5,613.82	\$5,510.57	\$103.25

SUMMARY OF BUSINESS INCOME AND EXPENSES ON MONTHLY OPERATING REPORTS

Month	Docket Entry	Total Receipts	Total Distributions	Net
November 2015	35	\$32,367.54	\$24,379.22	\$7,988.32
December 2015	38	\$30,492.56	\$35,751.67	(\$5,259.11)
January 2016	51	\$32,448.31	\$29,466.23	\$2,982.08
February 2016	53	\$38,087.84	\$31,327.47	\$6,760.37
March 2016	56	\$34,605.33	\$40,574.75	(\$5,969.42)
April 2016	67	\$35,535.65	\$27,252.22	\$8,283.43
May 2016	71	\$32,645.01	\$28,663.49	\$3,981.52
June 2016	74	\$35,379.19	\$35,605.17	(\$225.98)
Average		\$33,945.18	\$31,627.53	\$2,317.65

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Exhibit 3 - Projected Income and Expenses for Donna Rager

	Year 1		Year 2		Year 3		Year 4		Year 5	
Average Monthly Income	\$4,691.00		\$4,691.00		\$4,691.00		\$4,691.00		\$4,691.00	
Total Monthly Income	\$4,691.00		\$4,691.00		\$4,691.00		\$4,691.00		\$4,691.00	
Monthly Non-Plan Expenses										
Rent	\$1,401.00		\$1,401.00		\$1,401.00		\$1,401.00		\$1,401.00	
Real Estate Taxes	\$100.00		\$100.00		\$100.00		\$100.00		\$100.00	
Real Property Insurance	\$58.00		\$58.00		\$58.00		\$58.00		\$58.00	
Home Maintenance	\$150.00		\$150.00		\$150.00		\$150.00		\$150.00	
Electriciy, Heat, Natural Gas	\$350.00		\$350.00		\$350.00		\$350.00		\$350.00	
Water, Sewer, Garbage	\$60.00		\$60.00		\$60.00		\$60.00		\$60.00	
Telephone, Cable, Internet	\$110.00		\$110.00		\$110.00		\$110.00		\$110.00	
Alarm System	\$42.00		\$42.00		\$42.00		\$42.00		\$42.00	
Food and Housekeeping Supplies	\$382.00		\$382.00		\$382.00		\$382.00		\$382.00	
Clothing, Laundry & Dry Cleaning	\$88.00		\$88.00		\$88.00		\$88.00		\$88.00	
Personal Care	\$34.00		\$34.00		\$34.00		\$34.00		\$34.00	
Medical and dental expenses	\$100.00		\$100.00		\$100.00		\$100.00		\$100.00	
Transportation Expenses	\$350.00		\$350.00		\$350.00		\$350.00		\$350.00	
Entertainment, Recreations, Clubs	\$150.00		\$150.00		\$150.00		\$150.00		\$150.00	
Inusurance: Auto	\$70.00		\$70.00		\$70.00		\$70.00		\$70.00	
Emergency/ Contingency/ Misc.	\$116.00		\$116.00		\$116.00		\$116.00		\$116.00	
Total Expenses	\$3,561.00		\$3,561.00		\$3,561.00		\$3,561.00		\$3,561.00	

Estimated Plan Payments	Date	Year 1	Year 2	Year 3	Year 4	Year 5
Admin Claims		\$800.00	\$200.00			
Class 1B (Gateway One)		\$330.00	\$330.00	\$330.00	\$330.00	\$330.00
Class 3 GUC			\$600.00	\$800.00	\$800.00	\$800.00
Total Plan Payments		\$1,130.00	\$1,130.00	\$1,130.00	\$1,130.00	\$1,130.00

Exhibit 3 - Historical Business Income

YEAR		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Gross Profit
2013	Total Income	\$24,848.04	\$27,571.60	\$38,425.01	\$32,096.85	\$32,142.87	\$39,494.60	\$28,235.74	\$28,513.96	\$35,725.31	\$29,484.44	\$29,885.11	\$27,378.62	
	Expenses	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.88	\$29,125.93	
	Net Income	-\$4,277.84	-\$1,554.28	\$9,299.13	\$2,970.97	\$3,016.99	\$10,368.72	-\$890.14	-\$611.92	\$6,599.43	\$358.56	\$759.23	-\$1,747.31	\$24,291.39
2014	Total Income	\$29,045.23	\$31,435.45	\$44,766.33	\$33,926.13	\$34,913.94	\$42,691.64	\$32,267.51	\$37,573.58	\$29,290.35	\$28,776.65	\$39,035.93	\$24,631.03	
	Expenses	\$28,481.79	\$28,457.60	\$31,271.15	\$31,617.22	\$32,576.58	\$29,975.34	\$33,722.40	\$29,623.80	\$27,955.10	\$30,298.98	\$27,323.01	\$36,015.68	
	Net Income	\$563.44	\$2,977.85	\$13,495.18	\$2,308.91	\$2,337.36	\$12,716.30	-\$1,454.89	\$7,949.78	\$1,335.25	-\$1,522.33	\$11,712.92	-\$11,384.65	\$41,035.12
2015	Total Income	\$31,086.63	\$32,604.62	\$41,749.62	\$32,459.68	\$39,957.04	\$36,132.04	\$32,997.99	\$37,883.67	\$29,593.79	\$28,047.28	\$37,395.38	\$25,133.01	
	Expenses	\$28,371.90	\$28,343.94	\$32,900.42	\$28,624.83	\$28,618.23	\$34,350.77	\$30,045.72	\$30,461.51	\$27,033.68	\$23,244.66	\$28,275.62	\$26,666.29	
	Net Income	\$2,714.73	\$4,260.68	\$8,849.20	\$3,834.85	\$11,338.81	\$1,781.27	\$2,952.27	\$7,422.16	\$2,560.11	\$4,802.62	\$9,119.76	-\$1,533.28	\$58,103.18
2016	Total Income	\$42,576.89	\$34,256.83	\$32,549.05	\$33,294.92	\$38,423.95	\$30,655.34							
	Expenses	\$26,351.01	\$34,262.27	\$26,962.47	\$26,448.47	\$27,602.33	\$25,430.04							
	Net Income	\$16,225.88	-\$5.44	\$5,586.58	\$6,846.45	\$10,821.62	\$5,225.30							\$44,700.39
Average Income	\$3,806.55	\$1,419.70	\$9,307.52	\$3,990.30	\$6,878.70	\$7,522.90	\$202.41	\$4,920.01	\$3,498.26	\$1,212.95	\$7,197.30	-\$4,888.41		

Exhibit 3 - Projected Annual Business Income

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	\$3,800.00	\$1,400.00	\$9,300.00	\$4,000.00	\$7,000.00	\$7,500.00	\$200.00	\$4,900.00	\$3,400.00	\$1,200.00	\$7,100.00	-\$4,800.00	\$45,000.00
Average Monthly Income													\$3,750.00

