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7

8 **IN THE UNITED STATES BANKRUPTCY COURT**  
9 **FOR THE DISTRICT OF ARIZONA**

10 In re: Chapter 11 Proceedings  
11 LMM SPORTS MANAGEMENT, LLC, Case No. 2:14-bk-13952-DPC  
ETHAN LOCK, and Case No. 2:14-bk-13954-DPC  
12 ERIC D. METZ, Case No. 2:14-bk-13955-DPC  
13 Debtors. (Jointly Administered)

14 Filing applies to:

15 LMM SPORTS MANAGEMENT, LLC,   
16 ETHAN LOCK   
ERIC D. METZ   
17 ALL

**DISCLOSURE STATEMENT IN  
SUPPORT OF CHAPTER 11 PLAN  
OF REORGANIZATION DATED  
JULY 21, 2016 PROPOSED BY  
ETHAN LOCK**

18 **PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. IT**  
19 **CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO**  
20 **ACCEPT OR REJECT THE CHAPTER 11 PLAN OF REORGANIZATION**  
21 **DATED JULY 21, 2016. THE PROPONENT BELIEVES THAT THE PLAN IS IN**  
22 **THE BEST INTEREST OF CREDITORS AND IS FAIR AND EQUITABLE. THE**  
23 **PROPONENT URGES VOTERS TO VOTE TO ACCEPT THE PLAN.**

24 Dated: JULY 21, 2016 Debtor Ethan Lock

25 By: /s/ Ethan Lock  
26

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1 **I. INTRODUCTION.**

2 Ethan Lock (“Lock” and the “Debtor”), the debtor and debtor-in-possession in the  
3 above captioned case, (the “Case”), pursuant to 11 U.S.C. § 1125, submits the following  
4 Disclosure Statement:

5 On September 10, 2014, Lock commenced a bankruptcy case by filing a voluntary  
6 Chapter 11 petition under the Bankruptcy Code. This document is the *Disclosure*  
7 *Statement in Support of the Chapter 11 Plan of Reorganization Dated July 21, 2016* (the  
8 “Disclosure Statement”), and it is provided to help you understand the *Chapter 11 Plan of*  
9 *Reorganization Dated July 21, 2016* (the “Plan”) attached hereto as **Exhibit A**. Under the  
10 Bankruptcy Code, Debtor, and under some circumstances, creditors and other parties in  
11 interest, may propose a plan. Lock is proposing the Plan sent to you along with this  
12 document.

13 The Debtor is proposing a reorganizing plan, which is attached as Exhibit A. The  
14 Debtor seeks to accomplish payments under the Plan by utilizing income to fund  
15 repayment of Allowed creditor claims against the estate. The proposed Plan is a 100%  
16 payment plan with no impaired creditors. The Effective Date of the proposed Plan is  
17 thirty days after entry of a Final Order confirming the Plan.

18 Unless otherwise indicated, capitalized terms herein correspond with capitalized  
19 terms in the Plan.

20 **A. Purpose of this Document.**

21 This Disclosure Statement summarizes what is in the Plan. It also provides  
22 information relating to the Plan and the process the Bankruptcy Court follows to  
23 determine whether or not to approve the Plan.

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1                   **READ THIS DISCLOSURE STATEMENT CAREFULLY TO LEARN:**

- 2                   (1)   **WHO CAN VOTE FOR OR AGAINST THE PLAN;**
- 3                   (2)   **WHO CAN OBJECT TO THE PLAN;**
- 4                   (3)   **THE PROPOSED TREATMENT OF YOUR CLAIM, i.e. what you**  
5 **will receive if the Plan is confirmed, AND HOW THIS TREATMENT COMPARES**  
6 **TO WHAT YOU WOULD RECEIVE IN A CHAPTER 7 LIQUIDATION;**
- 7                   (4)   **THE HISTORY OF DEBTOR AND SIGNIFICANT EVENTS**  
8 **DURING THE BANKRUPTCY;**
- 9                   (5)   **WHAT THE BANKRUPTCY COURT WILL CONSIDER WHEN**  
10 **DECIDING WHETHER OR NOT TO CONFIRM THE PLAN;**
- 11                   (6)   **THE EFFECT OF CONFIRMING THE PLAN; AND**
- 12                   (7)   **FEASIBILITY OF THE PLAN.**

13                   Be sure to read the Plan as well as the Disclosure Statement. If there are any  
14 inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will  
15 govern. This Disclosure Statement cannot tell you everything about your rights in this  
16 case. You should consider consulting with a lawyer to obtain advice on how the Plan will  
17 affect you and what is the best course of action for you.

18                   This Disclosure Statement is provided to each creditor whose claim has been  
19 scheduled by Debtor or who has filed a proof of claim against the Debtor. Under the  
20 Code, your acceptance of the Plan may not be solicited unless you receive a copy of this  
21 Disclosure Statement.

22                   Bankruptcy Code § 1125 requires a Disclosure Statement to contain “adequate  
23 information” concerning the Plan. The term “adequate information” is defined as,  
24 “information of a kind, and in sufficient detail,” about a debtor and its operations “that  
25 would enable a hypothetical reasonable investor typical of holders of claims or interests”  
26 of the debtor to make an informed judgment about accepting or rejecting the Plan. *See*

1 11 U.S.C. § 1125(a)(1). The Bankruptcy Court has determined that the information  
2 contained in this Disclosure Statement is adequate, and it has approved this document in  
3 accordance with Bankruptcy Code § 1125(b).

4 **B. Confirmation Procedures.**

5 **1. No Votes Under the Plan Will Be Solicited**

6 The Plan is a full payment plan which does not impair any creditors holding  
7 Allowed Claims against the Debtor's estate. Therefore, no votes will be solicited in  
8 connection with the Plan. THE BANKRUPTCY COURT HAS NOT YET CONFIRMED  
9 THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER  
10 WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. IF,  
11 HOWEVER, THE BANKRUPTCY COURT LATER CONFIRMS THE PLAN, THEN  
12 THE PLAN WILL BE BINDING ON DEBTOR AND ON ALL CREDITORS IN THIS  
13 CASE.

14 **2. Time and Place of the Confirmation Hearing**

15 The hearing at which the Bankruptcy Court will determine whether to confirm the  
16 Plan will take place on \_\_, at \_\_\_\_ {a.m./p.m.}, in Courtroom \_\_\_\_\_.

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

18 Objections to the confirmation of the Plan must be filed with the Bankruptcy Court  
19 and served upon counsel for Debtor: Janel Glynn, Gallagher & Kennedy, P.A., 2575 E.  
20 Camelback Road, Suite 1100, Phoenix, Arizona 85016, by \_\_\_\_\_.

21 **4. How to Receive Additional Information about the Plan**

22 Any interested party desiring further information about the Plan should contact  
23 Janel Glynn, Gallagher & Kennedy, P.A., 2575 E. Camelback Road, Suite 1100, Phoenix,  
24 Arizona 85016 or by fax to 602.530.8500, or by email to [janel.glynn@gknet.com](mailto:janel.glynn@gknet.com).

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1           **C. Disclaimers.**

2           The financial data relied upon in formulating the Plan is based on the Debtor's own  
3 books and records. The information contained in this Disclosure Statement is provided by  
4 the Debtor. The Debtor represents that everything stated in the Disclosure Statement is  
5 true and correct to the best of Debtor's knowledge.

6 **PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT**  
7 **BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON**  
8 **THE MERITS, FEASIBILITY OR DESIRABILITY OF THE PLAN.**

9           **II. BACKGROUND.**

10           **A. Description of Debtor's Employment and/or Business.**

11           1. Debtor is an individual, who has been employed as a professional sports  
12 agent through various entities over the past 30 years. Debtor intends to continue working  
13 as a professional sports agent to repay the obligations to Creditors set forth under the Plan.

14           **B. Events Leading to Chapter 11 Filing.**

15           2. LMM Sports Management, LLC ("LMM 2") provides sports management  
16 services to professional athletes employed by the National Football League ("NFL").  
17 LMM 2 is owned and operated by its debtor member managers Lock (40% membership  
18 interest in LMM 2) and Metz (40% membership interest in LMM 2), and non-debtor  
19 member manager Voin Vance Malinovic ("Malinovic") (20% membership interest in  
20 LMM 2).

21           3. Lock, Metz and Malinovic are sports agents licensed with the NFL.  
22 Collectively, they serve as agents for and manage through LMM 2 (and previously  
23 through its judicially dissolved predecessor) approximately 16 football players and 3  
24 coaches pursuant to individual agent agreements.

25           4. On or about August 13, 2014, immediately following the entry of a  
26 judgment (the "Judgment") in favor of Your Source Pacific Fund I, LLP ("YSP") against

1 the Debtors in state court litigation (Maricopa County Superior Court Case No. 2011-cv-  
2 018450; the “Trial Court Action”), YSP commenced collection efforts, including among  
3 other things, garnishment of the Debtors’ prepetition bank accounts. The Debtors were  
4 unable to post a bond pending appeal. The prepetition garnishment of the Debtors’  
5 accounts and their inability to post a bond pending appeal (among other things) led to the  
6 commencement of this case.

7 5. LMM 2 continues to operate its business and manage its NFL clients  
8 through Lock, Metz, and Malinovic. Lock, Metz, and Malinovic expect to continue to  
9 provide sports agent services to their clients during the pendency of this case and after its  
10 conclusion.

11 **C. Pre-Petition Litigation Between YSP and the Debtors.**

12 6. The Judgment arises from the judicial dissolution of a joint venture between  
13 Metz, Lock and YSP, among others, at the end of 2009. Debtors Metz and Lock  
14 originally initiated the Trial Court Action to dissolve the joint venture. During the  
15 pendency of the dissolution proceeding in 2012, Lock and Metz incorporated LMM 2 as a  
16 new limited liability company. The incorporation of LMM 2 prompted YSP to bring  
17 counterclaims against Lock, Metz, and LMM 2 (among others) in the Trial Court Action  
18 all of which were disputed by Lock, Metz and LMM 2. The trial court ultimately awarded  
19 YSP a total of \$2.4 million, which included the value of YSP’s interest in LMM 1, the  
20 value of YSP’s interest in restrictive covenants, and a true up based on prior distributions  
21 made to the parties (the “Judgment”).

22 7. YSP appealed the Judgment on August 13, 2014, and the Debtors cross-  
23 appealed. The Debtors subsequently filed their individual petitions for Chapter 11  
24 bankruptcy on the Petition Date. Post-petition, the parties stipulated to limited stay relief  
25 with regard to the appeals, which were pending before Division One of the Arizona Court  
26 of Appeals (Appeal No. 1 CA-CV-14-0599, together the “Appellate Action”). The



1 Appellate Action was resolved pursuant to the Settlement Agreement reached by the  
2 Parties.

3 **D. Post-Petition Bankruptcy Litigation.**

4 8. Post-Petition, YSP also filed the following motions and objections which  
5 were opposed by the Debtors (collectively, the “Bankruptcy Disputes”):

6 a. *Objection to the Employment of, and Motion to Disqualify and Deny*  
7 *Compensation to Gallagher & Kennedy, P.A. as Proposed Counsel for the*  
8 *Debtors* (the “Disqualification Motion”) [Dkt. #29];

9 b. *Statement of Position and Reservation of Rights Relating to the*  
10 *Application for an Order Authorizing Eric D. Metz to Retain and*  
11 *Compensate Birenbaum & Speen, P.C. in the Ordinary Course of Business*  
12 [Dkt. #35];

13 c. *Objection to Exemptions Claimed by Ethan Lock and Eric D. Metz*  
14 (the “Exemption Objection”) [Dkt. #56]; and

15 d. YSP had also asserted potential nondischargeability claims against  
16 Metz and Lock under Bankruptcy Code § 523(c). *See Stipulation to Extend*  
17 *Deadline for Filing Section 523 Complaint to Determine Dischargeability of*  
18 *a Debt Stipulation to Extend Deadline to File Complaint Under 11 U.S.C. §*  
19 *523(c)* [Dkt. #70].

20 9. Pursuant to a comprehensive Settlement Agreement reached by the Debtors  
21 and YSP, the Parties resolved all disputes that existed between them (including the  
22 Bankruptcy Disputes listed in paragraph 8, *supra*). The Settlement Agreement was  
23 approved by the Bankruptcy Court at Dkt. #123 in the LMM Case.

24 **E. Other Significant Events during the Bankruptcy.**

25 **1. Bankruptcy Proceedings**

26 10. The following is a chronological list of significant events which have

1 occurred during this case:

2 a. The Lock Bankruptcy Case was ordered to be jointly administered with the  
3 Chapter 11 Bankruptcy Cases of LMM and Metz (Order at Dkt. #15 in Lock  
4 Case – the majority of filings in all cases were thereafter filed on the LMM  
5 Case docket, unless specifically noted herein)

6 b. The Section 341 Meeting of Creditors for Lock was conducted and  
7 concluded on October 14, 2014 (*See* Dkt. #24 in Lock Case)

8 c. A Claims Bar Date was set by Court Order for December 16, 2014 (*See* Dkt.  
9 #54 in LMM Case)

10 d. The untimely claims filed by Warner Angle (the “WA Claims”) were  
11 disallowed by the Court (Order at Dkt. #149 in LMM Case)

12 11. The Bankruptcy Court approved the employment of the following  
13 professionals:

14 a. Gallagher & Kennedy, P.A. (Order Approving entered at Dkt. #17 in LMM  
15 Case)

16 12. Currently, based in large part on the Settlement Agreement reached with  
17 YSP, there are no remaining adversary proceedings or substantive motions pending in the  
18 Case at this time.

19 **2. Other Legal Proceedings**

20 13. In addition to the proceedings discussed above, Debtor is currently involved  
21 in the following legal proceedings:

22 a. Warner Angle appealed the disallowance of the WA Claims to the  
23 Bankruptcy Appellate Panel of the Ninth Circuit BAP (the “BAP”) (Case No.  
24 AZ-15-1195). On June 1, 2016, the BAP entered a memorandum decision  
25 affirming the disallowance of the WA Claims on appeal.

26 b. On June 30, 2016, Warner Angle appealed the BAP’s ruling to the Ninth

1 Circuit. On July 15, 2016, Warner Angle voluntarily dismissed the second  
2 appeal.

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

5 No fraudulent conveyance or preference actions were filed or are expected to be  
6 filed in this Case.

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

8 In an effort to remedy the problems that led to the bankruptcy filing, Debtor has  
9 resolved the disputes with YSP over the course of this Case, and has stabilized his income  
10 from LMM.

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

12 The Debtor is current on all post-petition obligations. The Debtor anticipates that  
13 he will be able to pay administrative expenses, if any, due and owing on the Effective  
14 Date or otherwise reach agreement with administrative priority claimants.

15 A copy of the Debtor's most recent Monthly Operating Report is available on the  
16 public docket in the Lock Case at Dkt. #43.

17 **III. SUMMARY OF THE PLAN OF REORGANIZATION.**

18 The Plan is a 100% full payment plan. The Plan classifies Claims in various  
19 Classes. All Creditors under the Plan holding Allowed Claims are unimpaired. The Plan  
20 provides the treatment each Class will receive as follows:

21 **A. Non-Voting Classes.**

22 The following Claims are not placed into voting Classes; instead they are  
23 unclassified. They are not considered Impaired and they do not vote on the Plan because  
24 they are automatically entitled to specific treatment provided for them under the  
25 Bankruptcy Code. As such, the Debtor has not placed the following Claims in a Class.  
26 The treatment of these Claims is provided below.

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**1. Administrative Expenses and Fees**

Administrative Expenses are Claims for costs or expenses of administering Debtor’s Chapter 11 case, which are allowed under Bankruptcy Code § 503(b). Fees payable to the Clerk of the Bankruptcy Court and the Office of the United States Trustee were also incurred during the Chapter 11 Case.

The Bankruptcy Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to different treatment. The Bankruptcy Court must approve all professional compensation and expenses. Each Professional Person requesting compensation in the case pursuant to Bankruptcy Code §§ 327, 328, 330, 331, 503(b) and/or 1103 shall file an application for allowance of final compensation and reimbursement of expenses not later than ninety (90) days after the Confirmation Date. Nothing herein shall prohibit each Professional Person from requesting interim compensation during the course of this case pending Confirmation of the Plan. No motion or application is required to fix fees payable to the Clerk’s Office or the Office of the United States Trustee, as those fees are determined by statute.

**B. Classified Claims and Interests.**

**1. Classes of Secured Claims**

Secured Claims are Claims secured by liens on property of the Debtor’s estate.

The following represents all Classes containing pre-petition Secured Claims and their treatment under the Plan:

**Creditors’ Rights Remain Unchanged**

<b>Class</b>	<b>Name of Creditor</b>	<b>Description of Collateral</b>	<b>Payment Terms</b>
<b>1</b>	Caliber Home Loans	Single Family Residence located at 8163 E. Ranch Road, Scottsdale, AZ	According to pre-petition contract terms

Caliber’s legal, equitable, and contractual rights remain unchanged with respect to the above collateral. Caliber shall retain its interest in the collateral until paid in full. **The**

1 **Secured Claim of Caliber is not Impaired and therefore not entitled to vote.** Pursuant  
2 to 11 U.S.C. § 1126, holders of Class 1 Claims are conclusively presumed to have  
3 accepted the Plan.

4 **2. Bankruptcy Code § 1111(b) Analysis**

5 **Deadline for Bankruptcy Code § 1111(b) Election.** Creditors with an Allowed  
6 Secured Claim can make a timely election under Bankruptcy Code § 1111(b) no later than  
7 the conclusion of the hearing on approval of the Debtor's Disclosure Statement.

8 **3. Priority Non-Tax Claims**

9 Certain Priority Non-Tax Claims referred to under Bankruptcy Code §§ 507(a)(1)-  
10 (7) are entitled to priority treatment. These Claims are to be treated as follows:

11

Class	Name of Creditor	Payment Terms
NONE		

12  
13

14 **4. Priority Tax Claims**

15 Priority Tax Claims are Claims of governmental units for certain income,  
16 employment and other taxes described under Bankruptcy Code § 507(a)(8). These Claims  
17 are entitled to priority and must be paid pursuant to Bankruptcy Code § 1129(a)(9)(C)-  
18 (D). These Claims are to be treated as follows:

19

Class	Name of Creditor	Payment Terms
NONE		

20

21 **5. Class of General Unsecured Claims**

22 General Unsecured Claims are not entitled to priority under Bankruptcy Code §  
23 507(a). These Claims are to be treated as follows:

24

Class	Name of Creditor	Payment Terms
5A	Your Source Pacific Fund I LLP	YSP claim was satisfied according 25 to the approved 9019 Settlement and 26 Compromise [Dkt. #96] and related Order [Dkt. #123]. YSP supports

1		and will vote in favor of the Plan.
2	<b>5B</b>	General Unsecured Claims None

3 Under Bankruptcy Code § 1129(a)(15), if an unsecured creditor objects to  
4 Confirmation, an individual debtor must either pay the present value of that Unsecured  
5 Claim in full or make distributions under the Plan totaling at least the value of Debtor’s  
6 net disposable income over the greater of: (i) five years; or (ii) the time period during  
7 which the Plan provides for payments. Bankruptcy Code § 1129(a)(15) should be read  
8 and applied in conjunction with Bankruptcy Code § 1123(a)(4), which provides that Plan  
9 must provide the same treatment for each Claim in the particular Class. **Under the Plan,  
10 the Allowed Claims of General Unsecured Creditors are not Impaired and therefore  
11 not entitled to vote. Pursuant to 11 U.S.C. § 1126, holders of Class 5 General  
12 Unsecured Claims are conclusively presumed to have accepted the Plan.**

13 **C. Means of Effectuating the Plan.**

14 **1. Funding for the Plan**

15 The Plan will be funded as follows:

16  Cash available on the Effective Date;

17  A sale of property(ies) identified in the Disclosure Statement which is estimated  
18 to produce net proceeds of \$\_\_\_\_\_ no later than \_\_\_\_\_;

19  projected net/disposable income; and/or

20  The Debtor’s monthly income.

21 **2. Feasibility**

22 A requirement for Confirmation is that the Plan must be feasible, which means that  
23 Plan Confirmation is not likely to be followed by the liquidation or the need for further  
24 financial reorganization of the Debtor or any successor to the Debtor under the Plan,  
25 unless such liquidation or reorganization is proposed in the Plan.

26

1           There are at least two important aspects of a feasibility analysis. The first aspect  
2 considers whether the Debtor will have enough cash on hand on the Effective Date of the  
3 Plan to pay all the claims and expenses that are entitled to be paid on the Effective Date.  
4 The second aspect considers whether the Debtor will have enough cash over the life of the  
5 Plan to make the required Plan payments. The Effective Date feasibility of Debtor's Plan  
6 is set forth in Exhibit 2 to the Plan.

7           The Debtor contends that Debtor's financial projections are feasible in light of the  
8 financial records maintained by the Debtor prior to and during the pendency of the  
9 bankruptcy case. As shown by the Debtor's historical financial information, the Debtor's  
10 average monthly income, after paying expenses and post-confirmation taxes, during this  
11 bankruptcy case is more than sufficient to cover payments under the Plan. Furthermore,  
12 as discussed above, the Debtor has reached agreement with YSP to eliminate the  
13 significant source of financial pressure and expenses that contributed to the filing of the  
14 Bankruptcy Case. Accordingly, the Debtor believes, on the basis of the foregoing, that his  
15 Plan is feasible.

### 16                           **3. Liquidation Analysis**

17           A requirement for confirmation is the "Best Interest of Creditors Test," which  
18 requires the Debtor to provide a liquidation analysis. Under this test, if a claimant is in an  
19 Impaired Class and that claimant does not vote to accept the Plan, then that claimant must  
20 receive or retain under the Plan property of a value not less than the amount that such  
21 holder would receive or retain if the Debtor were liquidated under Chapter 7 of the  
22 Bankruptcy Code. Here, because the Debtor has proposed to pay all Allowed Claims in  
23 full or as otherwise agreed, a liquidation analysis is not necessary or applicable in this  
24 Case.

25           In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee.  
26 Secured Creditors are paid first from the sales proceeds of properties on which the

1 Secured Creditor has a lien. Administrative claims are paid next. Then Unsecured  
2 Creditors are paid from any remaining sales proceeds, according to their rights to priority.  
3 Unsecured Creditors with the same priority share in proportion to the amount of their  
4 Allowed Claims.

5 An analysis of the liquidation values and expenses is attached as Exhibit 1 to the  
6 Plan. For the Bankruptcy Court to confirm the Plan, it must find that all Creditors who do  
7 not accept the Plan will receive at least as much under the Plan as such holders would  
8 receive under Chapter 7 liquidation. Because all claims and all classes will be paid in  
9 full, are not impaired, or have otherwise agreed to the treatment set forth under the Plan  
10 (such as the Settlement terms reached with YSP), the Debtor maintains that the Best  
11 Interest Test is inapplicable, and to the extent the Court determines that a liquidation  
12 analysis is required, this requirement is met under the circumstances of this Case.

13 **4. Disbursing Agent**

14 The Debtor shall act as the disbursing agent for the purpose of making all  
15 distributions provided for under the Plan. The Disbursing Agent shall serve without bond  
16 and shall receive no compensation for distribution services rendered and expenses  
17 incurred pursuant to the Plan.

18 **IV. TREATMENT OF MISCELLANEOUS ITEMS.**

19 **A. Executory Contracts and Unexpired Leases.**

20 **1. Assumptions**

21 The following are the unexpired leases and executory contracts to be assumed as  
22 obligations of the Reorganized Debtor under the Plan:

23 **Executory Contracts and Unexpired Leases Assumed**

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<b>Counterparty</b>	<b>Description of Agreement</b>	<b>Payment Terms</b>
NONE		

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**2. Rejections**

On the Effective Date, all executory contracts not assumed shall be deemed to be rejected. The Order confirming the Plan shall constitute an order approving the rejection of the lease or contract. If you are a party to a 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 the deadline for objecting to the Confirmation of the Plan. **THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS NO LATER THAN 60 DAYS AFTER ENTRY OF AN ORDER (INCLUDING THE CONFIRMATION ORDER) REJECTING THE LEASE OR CONTRACT.** Any Claim based on the rejection of an executory contract or unexpired lease will be barred if the proof of Claim is not timely filed, unless the Bankruptcy Court later orders otherwise.

**3. Disputed Claims Reserve**

The Debtor disputed the untimely and improper proof of claim filed by Warner Angle, and the Bankruptcy Court disallowed the WA Claims. *See* Dkt. #31 (Lock Case); #149 (LMM Case). The BAP affirmed the disallowance of the WA Claims on appeal. Accordingly, there is no need to establish a disputed claims reserve with respect to the WA Claims.

**B. Retention of Jurisdiction.**

The Bankruptcy Court shall retain jurisdiction of this case pursuant to the provisions of the Bankruptcy Code, pending the final allowance or disallowance of all Claims affected by the Plan, and to make such orders as are necessary or appropriate to carry out the provisions of the Plan.

In addition, the Bankruptcy Court shall retain jurisdiction to implement the provisions of the Plan in the manner as provided under Bankruptcy Code § 1142(a)-(b). If the Bankruptcy Court abstains from exercising, or declines to exercise jurisdiction, or is

1 otherwise without jurisdiction over any matter set forth in this Section, or if Debtor or the  
2 Reorganized Debtor elect to bring an action or proceeding in any other forum, then this  
3 Section shall have no effect upon and shall not control, prohibit or limit the exercise of  
4 jurisdiction by any other court, public authority or commission having competent  
5 jurisdiction over such matters.

6 **C. Procedures for Resolving Contested Claims.**

7 Objections to Claims and Interests, except for those Claims more specifically  
8 deemed Allowed in the Plan, may be filed by Reorganized Debtor or any party in interest  
9 up to and including sixty (60) days following the entry of the Confirmation Order.

10 **D. Notices under the Plan.**

11 All notices, requests or demands with respect to the Plan shall be in writing and  
12 shall be deemed to have been received within five (5) days of the date of mailing,  
13 provided they are sent by registered mail or certified mail, postage prepaid, return receipt  
14 requested, and if sent to the Debtor, addressed to:

15 John R. Clemency  
16 Janel M. Glynn  
17 **GALLAGHER & KENNEDY, P.A.**  
18 2575 East Camelback Road  
19 Phoenix, Arizona 85016-9225  
Telephone: (602) 530-8000  
Facsimile: (602) 530-8500  
Email: john.clemency@gknet.com  
janel.glynn@gknet.com

20 **V. EFFECT OF CONFIRMATION OF PLAN.**

21 **A. Discharge.**

22 The Plan provides that upon Confirmation of the Plan, the Debtor shall be  
23 discharged of liability for payment of debts incurred before Confirmation, to the extent  
24 specified in Bankruptcy Code § 1141. Any liability imposed by the Plan, however, will  
25 not be discharged.  
26

1 Under Bankruptcy Code § 1141(d)(5), an individual Debtor will not be discharged  
2 from any debts unless and until: (i) the Debtor completes all payments under the Plan and  
3 obtains an order of the Bankruptcy Court granting a discharge; (ii) the Bankruptcy Court  
4 grants a limited (“hardship”) discharge as allowed under Bankruptcy Code §  
5 1141(d)(5)(B); or (iii) the Bankruptcy Court orders otherwise for cause. Notwithstanding  
6 the other terms of this paragraph, non-dischargeable debts under Bankruptcy Code § 523  
7 will not be discharged.

8 If Confirmation of the Plan does not occur, the Plan shall be deemed null and void.  
9 In such event, nothing contained in the Plan shall be deemed to constitute a waiver or  
10 release of any Claims against the Debtor or its estate or any other Persons, or to prejudice  
11 in any manner the rights of Debtor or its estate or any Person in any further proceeding  
12 involving Debtor or its estate. The provisions of the Plan shall be binding upon the  
13 Debtor and all Creditors, regardless of whether such Claims are Impaired or whether such  
14 parties accept the Plan, upon Confirmation thereof.

15 **B. Re-vesting of Property in Debtor.**

16 Except as provided in Section V(D) below, and except as provided elsewhere in the  
17 Plan, Confirmation re-vests all of the property of the estate in the Debtor.

18 **C. Modification of Plan.**

19 The Debtor may modify the Plan at any time before Confirmation. The Bankruptcy  
20 Court, however, may require a new disclosure statement or re-voting on the Plan if the  
21 Debtor modifies the Plan before Confirmation. The Debtor may also seek to modify the  
22 Plan at any time after Confirmation as long as: (i) the Plan has not been substantially  
23 consummated; and (ii) the Bankruptcy Court authorizes the proposed modification after  
24 notice and a hearing.

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**D. Post-Confirmation Conversion/Dismissal.**

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

**E. Post-Confirmation Quarterly Fees.**

Quarterly fees pursuant to 28 U.S.C. § 1930(a)(6) continue to be payable to the office of the United States Trustee post-Confirmation until such time as the case is converted, dismissed, or closed pursuant to a final decree.

Date: July 21st, 2016

/s/ Ethan Lock  
ETHAN LOCK, Debtor

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