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7 **UNITED STATES BANKRUPTCY COURT**

8 **DISTRICT OF ARIZONA**

9 In re:

Chapter 11

10 IAN CHAIT,

Case No. 16-bk-02747-DPC

11 Debtor.

**DEBTOR'S DISCLOSURE STATEMENT
DATED JULY 29, 2016**

12
13 Ian Chait, the Debtor and Debtor-in-possession in the above captioned Bankruptcy Case,
14 hereby submits this *Debtor's Disclosure Statement Dated July 29, 2016* to assist his Creditors in
15 making informed decisions when voting on the *Debtor's Plan of Reorganization Dated July 29,*
16 *2016* ("Plan").

17 **ARTICLE 1**

18 **INTRODUCTION TO THE DISCLOSURE STATEMENT AND VOTING**

19 **1.1 Purpose of the Disclosure Statement.**

20 This Disclosure Statement sets forth certain information regarding the Debtor's pre-petition
21 history, his assets, significant events that have occurred during this Bankruptcy Case, a summary
22 of the Plan, including when and how Creditors will be paid, and a brief discussion of the
23 confirmation process and the voting procedures that holders of Claims in impaired Classes must
24 follow for their votes to be counted.

25 The primary purpose of this Disclosure Statement is to provide adequate information to
26 those Creditors voting on the Plan so they can make a reasonably informed decision with respect to
27 exercising their rights to accept or reject the Plan. This Disclosure Statement is intended for the
28 sole use of Creditors and other parties in interest. This Disclosure Statement may not be relied

1 upon for any purpose other than to determine how to vote on the Plan, and nothing contained
2 herein shall constitute an admission of any fact or liability by any party, or be admissible in any
3 proceedings involving the Debtor or any other party, or be deemed conclusive advice on the tax or
4 other legal effects of the reorganization on holders of Claims or interests.

5 **You should consult your personal counsel or tax advisor on any questions or concerns**
6 **respecting tax, securities, or other legal consequences of the Plan.**

7 **1.2 Definitions.**

8 Unless otherwise defined herein, terms defined in the Plan shall have the same meaning
9 when used in this Disclosure Statement. In addition, unless otherwise defined herein or in the Plan,
10 terms used in this Disclosure Statement shall have the same meanings as in the Bankruptcy Code
11 (“Code”) or the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), or, if not defined
12 therein, their ordinary meanings.

13 **1.3 Authorized Representations.**

14 This Disclosure Statement is the only document authorized by the Bankruptcy Court to be
15 used in connection with the solicitation of votes on the Plan. You should not rely upon any
16 representations or inducements made to secure your acceptance of the Plan other than those set
17 forth herein or in the Plan. **The Bankruptcy Court’s approval of this Disclosure Statement**
18 **does not constitute a certification or ruling by the Court regarding the completeness or**
19 **accuracy of any statements contained herein. The information contained in this Disclosure**
20 **Statement came from the Debtor.**

21 This Disclosure Statement is not the Plan. This Disclosure Statement and the Plan (**Exhibit**
22 **A** hereto) should be read in their entireties before you vote on the Plan. For the convenience of the
23 Creditors and holders of interests, the Plan is summarized in this Disclosure Statement, but all
24 summaries are qualified in their entireties by the Plan itself, which is controlling in the event of any
25 inconsistency. The financial information contained herein has been provided in good faith, but has
26 not been audited by a certified public accountant and has not necessarily been prepared in
27 accordance with generally accepted accounting principles.

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1 **1.4 Voting Procedures.**

2 To be entitled to vote, a Creditor must have an Allowed Claim that is impaired under the
3 Plan. The Bankruptcy Code defines whether a Claim is impaired in Bankruptcy Code § 1124.
4 Summarily, a Claim is impaired if the Plan modifies the legal or contractual rights of the Claimant,
5 or if the Plan does not cure and reinstate the legal rights of the Claimant. A Creditor in a Class that
6 will not, under any circumstances, receive any distributions under the Plan, is not entitled to vote as
7 the Class of which it is a member is deemed to have rejected the Plan. If a Creditor holds more
8 than one Claim in one Class, all of the Claims in such Class will be aggregated and the Creditor
9 will be entitled to one vote in the amount of all aggregated Claims.

10 **All Creditors or parties in interest entitled to vote on the Plan may cast their votes for**
11 **or against the Plan by completing, dating, and signing the Ballot that accompanies this**
12 **Disclosure Statement.**

13 For the Ballot to be considered, the original Ballot must be mailed to the Plan Proponent’s
14 counsel. **The Court has issued an order requiring that all votes for the acceptance or**
15 **rejection of the Plan be received by close of business on _____.** The Ballot should be
16 sent as follows:

17 Thomas H. Allen
18 Khaled Tarazi
19 ALLEN BARNES & JONES, PLC
20 1850 N. Central Ave., Suite 1150
21 Phoenix, Arizona 85004

22 **Your Ballot will not be counted if the Proponent’s counsel receives it after such**
23 **deadline.** You may not change your vote after casting it unless the Bankruptcy Court permits such
24 change after notice and a hearing to determine whether sufficient cause exists to permit the change.

25 **1.5 Confirmation of the Plan.**

26 For the Plan to be effective, it must be confirmed. Confirmation of the Plan means that the
27 Court has approved the Plan. For the Plan to be confirmed, votes by each impaired Class
28 representing at least two-thirds (2/3) in amount of the Allowed Claims voting in each Class and
greater than one-half (1/2) in number of individual Creditors for such class (of those casting votes)
must be submitted in favor of acceptance of the Plan. If the requisite acceptances are not obtained

1 from one or more impaired Classes, the Court may nonetheless confirm the Plan pursuant to
2 Bankruptcy Code § 1129(b) if one impaired Class accepts the Plan and the Court finds that the
3 Plan provides, among other things, fair and equitable treatment of the Classes rejecting the Plan,
4 and that Creditors receive as much or more under the Plan than they would receive in a Chapter 7
5 liquidation (discussed more fully below).

6 When confirmed by the Bankruptcy Court, the Plan will bind all holders of Claims,
7 whether or not they are entitled to vote, or did vote on the Plan, and whether or not they received or
8 retained any distributions or Property under the Plan.

9 **1.6 Debtor's Recommendation to Vote in Favor of The Plan.**

10 The Debtor strongly urges each Creditor to vote to accept the Plan. The Debtor believes
11 that each Person or entity entitled to vote will conclude that the Plan is fair, reasonable, and
12 provides the greatest return to the greatest number of Creditors.

13 **ARTICLE 2**

14 **IAN CHAIT**

15 **2.1 History of the Debtor and Incidents Leading to Bankruptcy Filing.**

16 The Debtor is a Real Estate Broker licensed to practice in the State of Arizona. He
17 attended Real Estate School in 1999 and again in 2011 to become a Broker and upon graduating
18 began practicing real estate in the metropolitan Phoenix, Arizona area. Thereafter, the Debtor
19 was very successful until 2007 when business began to slow considerably. The Debtor began to
20 experience financial difficulties and after struggling for several years was forced to close his
21 practice on November 30, 2014. In addition, the Debtor's only other source of income—
22 royalties from music copyrights—was earning only 40% of what it once was and continues to
23 decline as the copyrights age.

24 The Debtor incurred a significant amount of debt while operating his real estate practice.
25 During this time, he also became delinquent on his tax obligations to the IRS and ADOR. Debtor
26 elected to file for Chapter 11 to repay priority claims and reorganize other debts.

27 Shortly before the Petition Date, the Debtor began working at Equity Arizona Real
28 Estate and was made Designated Broker shortly thereafter. At Equity Arizona Real Estate, the

1 Debtor is paid a transaction fee override for every transaction through the brokerage. The
2 Debtor has seen increases in his income since he began working at Equity Arizona Real Estate,
3 and believes that through his continued success at Equity Arizona Real Estate he be able to fund
4 his Chapter 11 Plan.

5 **2.2 Debtor's Financial Position and Budget.**

6 The Debtor has an average monthly income of \$8,300.00 and expenses of \$5,755.00.
7 Accordingly, the Debtor's monthly net income available for Creditors is \$2,545.00. The Debtor
8 has created a Plan budget, attached hereto as **Exhibit B**, which reflects that the Debtor is able to
9 pay his expenses and make payments to his Creditors as required under the Plan.

10 **2.3 Anticipated Payments to Creditors.**

11 After payment of priority and Secured Claims, the Debtor will make annual payments to
12 satisfy claims of his Unsecured Creditors. Ultimately, the Debtor believes that over the five-year
13 term of the Plan, he will be able to maintain all Secured and priority Claim payments and return a
14 total of \$15,000 to Class IV General Unsecured Creditors.

15 **ARTICLE 3**

16 **DEVELOPMENTS DURING THE BANKRUPTCY CASE**

17 **3.1 Bankruptcy Proceeding.**

18 On March 18, 2016, the Debtor filed a Voluntary Petition for relief under Chapter 11 of
19 the Bankruptcy Code. The Debtor employed AB&J to represent him in this Bankruptcy Case,
20 which employment was approved by this Court on April 1, 2016 [ECF No. 20].

21 **ARTICLE 4**

22 **SUMMARY OF THE DEBTOR'S CURRENT FINANCIAL CONDITION**

23 The Debtor's current financial condition is detailed in his Schedules and Statements of
24 Financial Affairs, as amended, and the Monthly Operating Reports that have been and will
25 continue to be filed with the Bankruptcy Court. Interested parties are encouraged to review the
26 Schedules, Statements of Financial Affairs, and Monthly Operating Reports. As set forth in
27 Article 2.2 above, the Debtor's combined monthly net income is \$2,545.00, which he pledges to
28 fund his Plan payments to Creditors.

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ARTICLE 5

DESCRIPTION OF ASSETS

The Debtor’s Assets and liabilities are listed on his Schedules and Statements of Financial Affairs filed in this Bankruptcy Case, and as amended. After accounting for Secured Claims encumbering the Assets— including a tax lien filed by the Internal Revenue Service— and the Debtor’s Arizona state law exemptions, the liquidation value of the Assets would provide no return to Unsecured Creditors. The Debtor has created a Liquidation Analysis Chart that details the liquidation value of the Debtor’s non-exempt Assets, attached hereto as **Exhibit “C”**; Article 10, below.

ARTICLE 6

POST-CONFIRMATION CONTROL

The Debtor will retain control of his Assets and use his income to make payments set forth in the Plan. The Debtor shall be responsible for preparing and filing quarterly post confirmation financial reports. Copies of those reports shall be provided to the United States Trustee’s Office. During the term of the Plan, the Debtor will pay, in cash, or other certified funds, quarterly fees to the United States Trustee’s Office.

ARTICLE 7

SUMMARY OF THE PLAN

This section contains a brief summary of the Plan, and it is qualified in its entirety by reference to the Plan, which accompanies this Disclosure Statement. **THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE. THE PLAN ITSELF CONTROLS THE RELATIONSHIP BETWEEN DEBTORS AND CREDITORS. YOU SHOULD READ THE PLAN IN ITS ENTIRETY PRIOR TO CASTING YOUR BALLOT.**

7.1 Classification and Treatment of Claims.

7.1.1 Class I - Administrative Claims.

Class I consists of the allowed Administrative Claims for actual and necessary costs and expenses of administration entitled to priority under Bankruptcy Code §§ 503(b) and 507(a)(1). This Class includes, without limitation, post-petition tax Claims, the Debtor’s

1 attorneys' fees, and fees due the United States Trustee, if any. AB&J has not yet filed
2 applications for attorneys' fees in this case. Upon retention of AB&J, the Debtor provided
3 AB&J with a retainer in the amount of \$18,500.00. Prior to the Petition Date, AB&J applied
4 \$7,348.00 of the retainer to pre-bankruptcy advice, services, and costs, and the Chapter 11 filing
5 fee. The remaining \$11,152.00 is held in the firm's trust account. While Plan litigation is
6 possible, at this time the Debtor anticipates that AB&J will not accrue significant attorneys' fees
7 and costs in pursuing confirmation of the Plan. The holders of Allowed Class I Claims shall be
8 paid in full on the Effective Date of the Plan or upon such other terms as the Debtor and the
9 holders of Allowed Class I Claims agree. Class I Claims are unimpaired.

10 **7.1.2 Class II – Priority Claims.**

11 Class II consists of all Claims which are entitled to priority treatment pursuant to
12 Bankruptcy Code § 507(a). Each holder of a Priority Claim in Class II is considered to be in its
13 own separate subclass within Class II, and each such subclass is deemed to be a separate Class
14 for purposes of the Plan. Class II consists of various subclasses of asserted priority Creditor
15 Claims. Unless otherwise specified, holders of Allowed Priority Claims in any of the Class II
16 subclasses shall receive payment in full within five years of the Petition Date. The first
17 payment will be due on the Effective Date. The interest rate paid to Allowed Class II Claims
18 shall be three percent (3.0%) per annum from the Effective Date.

19 **7.1.2.1 Class II(a) - Priority Claim of Arizona Department of**
20 **Revenue.**

21 Class II(a) consists of any Allowed Priority Claim of the Arizona
22 Department of Revenue ("ADOR") relating to individual income taxes due by the Debtor. The
23 Allowed Class II(a) Claim is in the total amount of \$14,040.29. The interest rate paid to the
24 Allowed Class II(a) Claim shall be three percent (3.0%) per annum. The holder of the Allowed
25 Class II(a) Claim shall receive payment of the Allowed Class II(a) Claim in full, in equal
26 monthly payments of \$278.27 beginning on September 1, 2016 and continuing through
27 February 1, 2021. The ADOR also asserts a general Unsecured Claim in the amount of
28 \$7,377.23, which shall be treated and paid as an Allowed Class IV General Unsecured Claim.

1 No prepayment penalty shall pertain to the Class II(a) Claim.

2 If the Debtor fails to comply with the provisions of the Plan with respect
3 to the liability owed to the ADOR, which includes but is not limited to, the failure to make full
4 and timely payments, such failure shall constitute a default under the Plan. If the Debtor fails to
5 cure the default within 30 days after written notice of the default from the ADOR or its agents,
6 the entire balance due to the ADOR shall be immediately due and owing. In the event of a
7 default, the ADOR may enforce the entire amount of its Claim, exercise any and all rights and
8 remedies under applicable non-bankruptcy law, which include, but are not limited to, state tax
9 collection procedures and any other such relief as may be deemed appropriate by the
10 Bankruptcy Court. Class II(a) is impaired.

11 **7.1.2.2 Class II(b) - Priority Claim of Internal Revenue Service.**

12 Class II(b) consists of the Allowed Priority Claim of the Internal Revenue
13 Service (“IRS”) relating to individual income taxes due by the Debtor. The Allowed Class II(b)
14 Claim is in the total amount of \$3,869.28. The interest rate paid to the Allowed Class II(b)
15 Claim shall be three percent (3.0%) per annum. The holder of the Allowed Class II(b) Claim
16 shall receive payment of the Allowed Class II(b) Claim in full, in equal monthly payments of
17 \$76.69 beginning on September 1, 2016 and continuing through February 1, 2021 The IRS also
18 asserts a general Unsecured Claim in the amount of \$56,650.14, which shall be treated and paid
19 as an Allowed Class IV General Unsecured Claim. No prepayment penalty shall pertain to the
20 Class II(b) Claim. Any alleged remaining unpaid amount for the Class II(b) Claim not
21 otherwise receiving treatment in this Plan, including, without limitation, any additional claims
22 for interest or penalties, shall be enjoined and discharged by the Plan.

23 In the event the Debtor defaults on any payment due to the holder of the
24 Class II(b) Claim as required under the confirmed Plan, and in the event the Debtor fails to cure
25 said default within thirty days after written notice of the default is mailed to the Debtor and the
26 Debtor’s attorneys, the entire imposed liability together with any unpaid current liabilities, shall
27 become due and payable immediately. The IRS may collect unpaid liabilities that become due
28 as a result of the default through the administrative collection provision or judicial remedies as

1 set forth in the Internal Revenue Code. The IRS shall not be required to seek a modification
2 from the automatic stay to collect any tax liabilities from property that has reverted with the
3 Debtor. Class II(b) is impaired.

4 **7.1.3 Class III – Secured Claims.**

5 Class III consists of various subclasses of asserted Secured Creditor Claims.
6 Each holder of a Secured Claim in Class III is considered to be in its own separate subclass
7 within Class III, and each such subclass is deemed to be a separate Class for purposes of the
8 Plan. Unless otherwise specified below, holders of Allowed Secured Claims in any of the Class
9 III subclasses shall receive full payment of the amount of their Allowed Secured Claims. Any
10 of the Debtor's defaults under loan documents with the Allowed Secured Claimants shall be
11 deemed cured as of the Effective Date and to the extent such loan documents provide for default
12 resulting from the Debtor's bankruptcy filings, such default shall not be enforceable.
13 Notwithstanding any pre-bankruptcy agreements with Class III Claimants, the Debtor's
14 statement of the value of each Secured Claim shall be final unless a Creditor objects to the
15 Debtor's value prior to the confirmation of the Plan. Unless otherwise specified herein or in an
16 order entered by the Bankruptcy Court, holders of Allowed Secured Claims shall retain any
17 existing perfected liens to secure the Debtor's obligations under the Plan. Payments to holders
18 of Allowed Class III Secured Claims will begin on the Effective Date.

19 **7.1.3.1 Class III(a) – Secured Claim of Internal Revenue Service.**

20 Class III(a) consists of the Allowed Secured Claim of the IRS pursuant to
21 the Notice of Federal Tax Lien filed by the IRS on July 27, 2015 with the Maricopa County
22 Recorder's Office, Recording No. 20150538125. The IRS holds an Allowed Secured Claim in
23 the amount of \$37,698.33. The holder of the Allowed Class III(a) Claim shall receive payment
24 of the Allowed Class III(a) Claim in full, in equal monthly payments of \$747.17 beginning on
25 September 1, 2016 and continuing through February 1, 2021 The interest rate paid to Allowed
26 Class III(a) Claim shall be three percent (3.0%) per annum from the Effective Date. No
27 prepayment penalty shall pertain to this Claim. Any alleged remaining unpaid Claim to the IRS
28 not otherwise receiving treatment in this Plan, including without limitation, any additional

1 Claims for interest or penalties, shall be enjoined and discharged by the Plan.

2 In the event the Debtor defaults on any payment due to the holder of the
3 Class III(a) Claim as required under the confirmed Plan, and in the event the Debtor fails to cure
4 said default within thirty days after written notice of the default is mailed to the Debtor and the
5 Debtor's attorney, the entire imposed liability together with any unpaid current liabilities, shall
6 become due and payable immediately. The IRS may collect unpaid liabilities that become due
7 as a result of the default through the administrative collection provision or judicial remedies as
8 set forth in the Internal Revenue Code. The IRS shall not be required to seek a modification
9 from the automatic stay to collect any tax liabilities from property that has reverted with the
10 Debtor. Class III(a) is impaired.

11 **7.1.3.2 Class III(b) – Secured Claim of Gateway One Lending &**
12 **Finance.**

13 Class III(b) consists of the Allowed Secured Claim of Gateway One
14 Lending & Finance ("Gateway") relating to the 2015 Honda Accord ("2015 Honda"). The
15 holder of the Allowed Class III(b) Claim shall receive payment of the Allowed Class III(b)
16 Claim in full, in sixty (60) equal monthly payments of principal and interest. The first payment
17 will be due on the Effective Date. Gateway shall retain its lien against the 2015 Honda up to
18 the value of the Allowed Secured Claim, which the Debtor asserts is \$22,000. Payments on the
19 Allowed Class III(b) Claim shall begin on the Effective Date. The interest rate paid on the
20 Allowed Class III(b) Claim shall be four percent (4.0%) per annum from the Effective Date.
21 Alternatively, the Debtor may turn over the 2015 Honda in full satisfaction of the Allowed
22 Secured Claim, not later than ninety (90) days after the Effective Date. Any deficiency claim
23 shall be treated as a Class IV General Unsecured Claim. No prepayment penalty shall pertain to
24 this Claim. Class III(b) is impaired.

25 **7.1.3.3 Class III(c) – Secured Claim of American Honda Finance**
26 **Corporation.**

27 Class III(c) consists of the Allowed Secured Claim of American Honda
28 Finance Corporation ("AHFC") relating to the 2013 Honda Accord ("2013 Honda"). The

1 holder of the Allowed Class III(c) Claim shall receive payment of the Allowed Class III(c)
2 Claim in full, in sixty (60) equal monthly payments of principal and interest. The first payment
3 will be due on the Effective Date. AHFC shall retain its lien against the 2013 Honda up to the
4 value of the Allowed Secured Claim, which the Debtor asserts is \$12,000. Payments on the
5 Allowed Class III(c) Claim shall begin on the Effective Date. The interest rate paid on the
6 Allowed Class III(c) Claim shall be four percent (4.0%) per annum from the Effective Date.
7 Alternatively, the Debtor may turn over the 2013 Honda to AHFC in full satisfaction of the
8 Allowed Secured Claim, not later than ninety (90) days after the Effective Date. Any deficiency
9 claim shall be treated as a Class IV General Unsecured Claim. Class III(c) is impaired.

10 **7.1.3.4 Class III(d) – Secured Claim of John Lott.**

11 Class III(d) consists of the Allowed Secured Claim of John Lott relating
12 to a promissory note secured by the Debtor's interests in the 1978 Pontiac Firebird ("Pontiac")
13 and 1964 Cadillac de Ville ("Cadillac"). The holder of the Allowed Class III(d) Claim shall
14 receive payment of the Allowed Class III(d) Claim in full, in thirty (30) equal monthly
15 payments of principal and interest. The first payment will be due on the Effective Date. Lott
16 shall retain his lien against the Pontiac and Cadillac up to the value of the Allowed Secured
17 Claim, which the Debtor asserts is \$15,000. Payments on the Allowed Class III(d) Claim shall
18 begin on the Effective Date. The interest rate paid on the Allowed Class III(d) Claim shall be
19 four percent (4.0%) per annum from the Effective Date. Any deficiency claim shall be treated
20 as a Class IV General Unsecured Claim. Class III(d) is impaired.

21 **7.1.4 Class IV – General Unsecured Creditors.**

22 Class IV consists of all Allowed Unsecured Claims that are not entitled to
23 classification in any other class of claims. Holders of Allowed Class IV Claims shall be paid
24 the sum of \$15,000 over five years. The Debtor shall make the payments to the holders of
25 Allowed Class IV Claims on the first Business Day that occurs 11 months after the Effective
26 Date ("Initial Payment Date") and every year thereafter for four years based upon each Class IV
27 Claim's *pro rata* share of potential Unsecured Claims. Such payments shall be as follows: (i)
28 Year One — \$3,000; (ii) Year Two — \$3,000; (iii) Year Three — \$3,000; (iv) Year Four —

1 \$3,000; and (v) Year Five — \$3,000. No interest will accrue or be paid to the holders of the
2 Allowed Class IV Claims. If a Class IV Claim is not an Allowed Claim prior to 30 days after
3 the Effective Date, such Class IV Claim holder shall receive payment on the one year payment
4 date that falls after its Class IV Claim becomes an Allowed Claim. Class IV is impaired.

5 **ARTICLE 8**

6 **MEANS TO IMPLEMENT PLAN**

7 The Plan will be funded from the Debtor’s post-confirmation income. Through hard
8 work in his real estate profession and by restructuring his debts, the Debtor believes that he can
9 fulfill his obligations under the Plan. See Disclosure Statement Article 2.2, above; Exhibit B.

10 **ARTICLE 9**

11 **PROJECTED DISPOSABLE INCOME**

12 As a condition to confirmation, Bankruptcy Code § 1129(a)(15) requires that where the
13 holder of an Allowed Unsecured Claim objects to confirmation of the Plan: (a) the value on the
14 Effective Date of the Property to be distributed on account of the objector’s Claim is not less
15 than the amount of such Claim; or (b) the value of the Property to be distributed under the Plan
16 is equal to the projected disposable income of the debtor (as defined in Bankruptcy Code
17 § 1325(b)(2)) to be received during the five-year period, beginning on the Initial Payment Date,
18 or during the period for which the Plan provides payments, whichever is longer.

19 “Disposable income” is defined as current monthly income received by a debtor (other
20 than child support payments, foster care payments, or disability payments for a dependent child
21 made in accordance with applicable non-bankruptcy law to the extent reasonably necessary to
22 be expended for such child) less amounts reasonably necessary to be expended: (i) for the
23 maintenance or support of the debtor or a dependent of the debtor, or for a domestic support
24 obligation, that first becomes payable after the date the petition is filed; (ii) for charitable
25 contributions (that meet the definition of “charitable contribution” under Bankruptcy Code
26 § 548(d)(3)) to a qualified religious or charitable entity or organization (as defined in
27 Bankruptcy Code § 548(d)(4)) in an amount not to exceed 15% of gross income of the debtor
28 for the year in which the contributions are made; and (iii) if the debtor is engaged in business,

1 for the payment of expenditures necessary for the continuation, preservation, and operation of
2 such business. The Debtor's projected disposable income is \$2,545.00 per month. See Exhibit
3 B; Article 2.2, above. To fund payments to Unsecured Creditors under the Plan, the Debtor is
4 contributing his projected net disposable income to be received during the five-year period in
5 the total amount of \$15,000.

6 **ARTICLE 10**

7 **LIQUIDATION ANALYSIS**

8 As a condition to confirmation, Bankruptcy Code § 1129(a)(7) requires the Plan to
9 provide that each Creditor either accept the Plan or receive from the Debtor's estate as much
10 under the Plan as each Creditor would receive in a Chapter 7 liquidation. The Debtor's assets
11 and liabilities are listed in his Schedules and Statement of Financial Affairs, and as amended.
12 Additionally, the Debtor has investigated and is unaware of any receivable owing to him or any
13 transfer that may be avoided for the benefit of the bankruptcy estate. In that regard, the
14 liquidation value of the Debtor's Assets would provide no return to the Unsecured Creditors.
15 See Exhibit C; Article 5, above. By providing payment of \$15,000 to Unsecured Creditors, the
16 Debtor is paying Unsecured Creditors in excess of what they would recover in a Chapter 7
17 liquidation.

18 **ARTICLE 11**

19 **TAX ISSUES**

20 The Debtor makes no representations regarding any tax implications resulting from
21 confirmation of the Plan. **CLAIMANTS AND PARTIES IN INTEREST ARE ADVISED TO**
22 **CONSULT WITH THEIR TAX ADVISORS CONCERNING THE INDIVIDUAL TAX**
23 **CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN,**
24 **INCLUDING STATE AND LOCAL TAX CONSEQUENCES.**

25 **ARTICLE 12**

26 **BALLOTING INSTRUCTIONS**

27 Impaired Creditors are entitled to vote to accept or reject this Plan. **THIS PLAN CANNOT**
28 **BE CONFIRMED IF THE PLAN DOES NOT RECEIVE AT LEAST TWO-THIRDS (2/3) IN**

1 AMOUNT AND MORE THAN ONE-HALF (1/2) IN NUMBER OF ALLOWED CLAIMS
2 VOTING IN EACH IMPAIRED CLASS, provided, however, if the requisite acceptances are not
3 obtained from one or more impaired Classes, the Court may nonetheless confirm the Plan pursuant
4 to Code § 1129(b) if one impaired Class accepts the Plan and the Court finds that the Plan
5 provides, among other things, fair and equitable treatment of the Classes rejecting the Plan and that
6 Creditors receive as much or more under the Plan than they would receive in a Chapter 7
7 liquidation.

8 **ARTICLE 13**
9 **MODIFICATION OF PLAN**

10 The Debtor reserves the right to modify the Plan in accordance with the provisions of the
11 Bankruptcy Code and Chapter 11 as follows:

12 **13.1 Pre-Confirmation.**

13 In accordance with Bankruptcy Code § 1127(a), a Plan modification may be proposed in
14 writing by the Debtor at any time before its Confirmation, provided that the Plan, as thus modified,
15 meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the Debtor complies with
16 Bankruptcy Code § 1125.

17 **13.2 Post-Confirmation.**

18 In accordance with Bankruptcy Code § 1127(b), the Plan also may be modified at any time
19 after its confirmation and before its substantial consummation, provided that the Plan as thus
20 modified meets the requirements of Bankruptcy Code §§ 1122 and 1123, provided further that the
21 circumstances then existing justify such modification and the Court confirms the Plan as thus
22 modified under Bankruptcy Code § 1129.

23 **13.3 Objections.**

24 Any holder of a Claim or equity interest that has accepted or rejected the Plan will be
25 deemed to have accepted or rejected, as the case may be, the Plan as modified unless, within the
26 time fixed by the Bankruptcy Court for doing so, such holder changes its previous acceptance or
27 rejection.

28 ///

1 **13.4 Effect.**

2 Every modification of the Plan will supersede the previous version of the Plan as and when
3 ever each modification is effective. When superseded, the previous version of the Plan will be in
4 the nature of a withdrawn or rejected settlement proposal, and will be null, void and unusable by
5 the Debtor or any other party for any purposes whatsoever with respect to any of the contents of
6 such version of the Plan.

7 **13.5 Default.**

8 If the Debtor is unable to perform the terms and conditions of the Plan, he will be in
9 default. Any Creditor may seek to enforce the Plan. Before doing so, the Creditor must provide
10 notice to the Debtor specifying the nature of the alleged default and a 30-day period to cure the
11 default. Any notice must be in writing and sent via certified mail to the Debtor at the address on
12 file with the Clerk of this Court and with a copy sent via certified mail to:

13 Thomas H. Allen
14 Khaled Tarazi
15 ALLEN BARNES & JONES, PLC
16 1850 N. Central Ave., Suite 1150
17 Phoenix, Arizona 85004

18 **ARTICLE 14**

19 **CONFIRMATION, RISKS & RECOMMENDATION**

20 **14.1 Best Interests Test.**

21 The Plan satisfies the “best interests test” imposed by Bankruptcy Code § 1129(a)(7)
22 because each holder of a Claim or interest not accepting the Plan will receive at least as much as
23 such holder would receive in a Chapter 7 liquidation as discussed in detail in Article 9 herein.

24 **14.2 Fair and Equitable Test.**

25 To the extent such requirements are applicable based upon the votes of Creditors on the
26 Plan, the Plan satisfies the fair and equitable requirements of Bankruptcy Code § 1129(b). With
27 respect to Secured Classes, the Plan provides for all Secured Creditors to retain prepetition liens
28 and to be paid the full value of their Allowed Secured Claims. With respect to Unsecured Classes,
 the Debtor will not receive or retain any unencumbered or non-exempt property under the Plan.

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14.3 Recommendation of the Debtor.

The Debtor respectfully recommends that Creditors vote in favor of the Plan.

RESPECTFULLY SUBMITTED this 29th day of July, 2016.

/s/ Ian Chait
Ian Chait

APPROVED AS TO FORM AND CONTENT:

ALLEN BARNES & JONES, PLC

By: /s/ KT #32446
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Exhibit “A”

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6 Attorneys for Debtor

7 **UNITED STATES BANKRUPTCY COURT**

8 **DISTRICT OF ARIZONA**

9 In re:

Chapter 11

10 IAN CHAIT,

Case No. 16-bk-02747-DPC

11 Debtor.

**DEBTOR'S PLAN OF REORGANIZATION
DATED JULY 29, 2016**

12
13 Ian Chait, the Debtor and Debtor-in-possession in the above captioned Chapter 11 case
14 (“Debtor”), hereby files this *Plan of Reorganization Dated July 29, 2016*.

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1 **ARTICLE I – INTRODUCTION**

2 The Debtor proposes this *Plan of Reorganization Dated July 29, 2016*. All creditors and
3 parties in interest are encouraged to consult the Debtor’s *Disclosure Statement Dated July 29,*
4 *2016* (“Disclosure Statement”), which was prepared by the Debtor before voting to accept or
5 reject the Plan. **NO SOLICITATION MATERIALS OTHER THAN THE DISCLOSURE**
6 **STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH HAVE**
7 **BEEN APPROVED OR AUTHORIZED BY THE BANKRUPTCY COURT AND THE**
8 **BANKRUPTCY CODE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS**
9 **PLAN.**

10 **ARTICLE II – DEFINITIONS**

11 **Rules of Construction.** The following terms shall have the meanings specified below
12 when used in this Plan. Wherever from the context it appears appropriate, each term stated in
13 either the singular or the plural shall include the singular and the plural, and pronouns stated in
14 the masculine, feminine, or neuter gender shall include the masculine, the feminine, and the
15 neuter. The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar import refer
16 to the Plan as a whole and not to any particular section, subsection, or clause contained in the
17 Plan. Unless otherwise specified, all section, schedule, or exhibit references in the Plan are to
18 the respective section in, schedule to, or Exhibit to the Plan. The headings in the Plan are for
19 convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.
20 The Rules of Construction contained in Bankruptcy Code § 102 shall apply to the construction
21 of the Plan, and terms defined by the Bankruptcy Code shall have the meaning as defined by the
22 Bankruptcy Code, unless specifically modified herein. All terms not specifically defined by this
23 Plan shall have the meanings designated in the Bankruptcy Code, or, if not defined therein, their
24 ordinary meanings. These definitions are a substantial and operative part of the Plan.

25 **2.1 AB&J**

26 This term refers to and means Allen Barnes & Jones, PLC.

27 ///

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1 **2.2 Administrative Claim.**

2 This term refers to and means every cost or expense of administration of this case
3 allowed under Bankruptcy Code § 503(b) and referred to in Bankruptcy Code § 507(a)(1),
4 including, without limitation: (i) any actual and necessary expense of preserving the estate as
5 approved by the Bankruptcy Court; (ii) all professional charges; and (iii) all fees and charges
6 assessed against the Debtor’s estate under Chapter 123 of Title 28, United States Code.

7 **2.3 Allowed Claim.**

8 This term will refer to and mean every Claim: (a) (i) as to which a proof of such Claim
9 has been filed within the time fixed by the Bankruptcy Court or, if such Claim arises from the
10 Debtor’s rejection of an Executory Contract, no later than the first Business Day that is thirty
11 (30) days after the Effective Date, or (ii) which the Debtor has scheduled in his Schedules
12 (including any amendments thereto) as liquidated in amount and undisputed; and in either
13 event: (b) (i) as to which no objection to the allowance of such Claim has been filed within any
14 applicable time period fixed by the Bankruptcy Court, or (ii) as to which the order allowing
15 such Claim has become final and non-appealable without any appeal, review, or other challenge
16 of any kind to that order having been taken or being still timely. The term Allowed Claim may
17 be used throughout the Plan with each of the various Creditors’ Claims or Classes of those
18 Claims (e.g., “Allowed Administrative Claims” or “Allowed Class I Claims”) to signify that
19 such Claims are, will be, or must, be Allowed Claims to qualify for certain treatment under the
20 Plan.

21 **2.4 Allowed Secured Claim.**

22 This term refers to and means a Claim that is both an Allowed Claim and a Secured
23 Claim.

24 **2.5 Allowed Unsecured Claim.**

25 This term refers to and means a Claim that is both an Allowed Claim and an Unsecured
26 Claim.

27 ///

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1 **2.6 Assets.**

2 This term will refer to and mean, collectively, each and every item of property and
3 interests of the Debtor as of the Effective Date, whether tangible or intangible, real or personal,
4 legal or equitable, liquidated or unliquidated.

5 **2.7 Ballot.**

6 This term refers to and means the ballot for accepting or rejecting the Plan which will be
7 distributed to holders of Claims in Classes that are impaired under this Plan and are entitled to
8 vote on this Plan.

9 **2.8 Bankruptcy Case or Case.**

10 This term will refer to and mean bankruptcy case No. 16-bk-02747-DPC, commenced
11 by the Debtor filing a voluntary Chapter 11 petition on the Petition Date.

12 **2.9 Bankruptcy Code.**

13 This term refers to and means Title 11 of the United States Code, 11 U.S.C. §§ 101, et
14 seq., as now existing or hereafter amended during this case.

15 **2.10 Bankruptcy Court or Court.**

16 These terms refer to and mean the United States Bankruptcy Court for the District of
17 Arizona, Phoenix Division, or any other court that exercises jurisdiction over all or part of the
18 Bankruptcy Case, including the United States District for the District of Arizona to the extent
19 that the reference of all or part of the Bankruptcy Case is withdrawn.

20 **2.11 Bankruptcy Rules.**

21 This term refers to and means the Federal Rules of Bankruptcy Procedure promulgated
22 under 28 U.S.C. § 2075 and the local rules of Court, as applicable during the term of the
23 Bankruptcy Case.

24 **2.12 Bar Date.**

25 This term will refer to and mean the last day for filing proofs of claims, which shall be
26 the date the Disclosure Statement is approved by the Court. All Creditors except (a) Creditors
27 with Administrative Claims that arise after the Bar Date, and (b) Chapter 11 Professionals, and
28 (c) Creditors holding Claims from the rejection of unexpired leases or Executory Contracts must

1 have filed proofs of claim by the Bar Date, or their Claim shall be forever barred and
2 discharged.

3 **2.13 Business Day.**

4 This term refers to and means every day except Saturdays, Sundays, and holidays
5 observed by the Bankruptcy Court.

6 **2.14 Claim.**

7 This term will refer to and mean “claim” as defined in Bankruptcy Code § 101(5).

8 **2.15 Claimant.**

9 This term will refer to and mean the holder of a Claim.

10 **2.16 Class.**

11 This term refers to and means each of the categories of claims described in Article IV of
12 the Plan.

13 **2.17 Confirmation Date.**

14 This term refers to and means the date on which the Bankruptcy Court enters the
15 Confirmation Order.

16 **2.18 Confirmation Hearing.**

17 This term refers to and means the hearing regarding confirmation of the Plan conducted
18 by the Bankruptcy Court pursuant to Bankruptcy Code § 1128, including any adjournment or
19 continuation of that hearing from time to time.

20 **2.19 Confirmation Order.**

21 This term refers to and means the order of the Bankruptcy Court confirming the Plan
22 pursuant to Bankruptcy Code § 1129.

23 **2.20 Court.**

24 This term is defined in a preceding Section of this Article II, which defines the term
25 “Bankruptcy Court.”

26 ///

27 ///

28 ///

1 **2.21 Creditor.**

2 This term will refer to and mean “creditor” as defined in Bankruptcy code § 101(10),
3 Bankruptcy Code § 101(10).

4 **2.22 Debtor.**

5 This term refers to and means Ian Chait.

6 **2.23 Disclosure Statement.**

7 This term refers to and means the Debtor’s *Disclosure Statement Dated July 29, 2016*,
8 presented by the Debtor with respect to the Plan, in its present form or as it may be altered,
9 amended, or modified.

10 **2.24 Disputed Claim.**

11 This term refers to and means every claim: (a) that is scheduled by the Debtor as
12 disputed, contingent, or unliquidated; and/or (b) that is not an Allowed Claim. Where
13 performance is to be rendered under the Plan to any creditor in respect to a Disputed Claim,
14 such performance shall not be due (notwithstanding the occurrence of the Effective Date for all
15 other purposes and legal effects) unless and until such Disputed Claim becomes, wholly or in
16 part, an Allowed Claim.

17 **2.25 Effective Date.**

18 This term refers to and means the thirtieth (30th) calendar day that occurs after the
19 Confirmation Date.

20 **2.26 Estate.**

21 This term refers to and means the bankruptcy estate of the Debtor created under
22 Bankruptcy Code § 541.

23 **2.27 Executory Contract.**

24 This term will refer to and mean every unexpired lease and other contract that is subject
25 to being assumed or rejected under Bankruptcy Code § 365.

26 **2.28 Final Order.**

27 This term refers to and means an order or judgment of the Court which (a) shall not have
28 been reversed, stayed, modified or amended and the time to appeal from, or to seek review or

1 rehearing of, shall have expired and as to which no appeal or petition for review, or hearing for
2 certiorari is pending, or (b) if appealed from, shall have been affirmed and no further hearing,
3 appeal or petition for certiorari can be taken or granted.

4 **2.29 General Unsecured Claim.**

5 This term will refer to and mean every Unsecured Claim against the Debtor (including,
6 but not limited to, every such Claim arising from the rejection of an Executory Contract, and
7 Unsecured Deficiency Claims of creditors with claims solely against the Debtor) which will be
8 classified and paid under the Plan as the Plan provides for Class IV Claims.

9 **2.30 Initial Payment Date.**

10 This term will refer to and mean the first calendar day of the month that occurs eleven
11 (11) months after the Effective Date.

12 **2.31 Person.**

13 This term will refer to and mean “person” as defined in Bankruptcy Code § 101(41).

14 **2.32 Petition Date.**

15 This term will refer to and mean March 18, 2016, the filing date of the Debtor’s
16 voluntary Chapter 11 petition.

17 **2.33 Plan.**

18 This term will refer to and mean this *Debtor’s Plan of Reorganization Dated July 29,*
19 *2016*, and every amendment to or modification thereof, if any, filed by the Debtor.

20 **2.34 Professional Fees.**

21 This term will refer to and mean any of the interim and final professional fees and
22 expenses charged by the Chapter 11 Professionals.

23 **2.35 Proof of Claims Bar Date.**

24 This refers to and means any deadline fixed by the Bankruptcy Court for the filing of
25 claims in the Bankruptcy Case (except for claims arising out of the rejection of an executory
26 contract or an unexpired lease).

27 **2.36 Property.**

28 This term refers to, with respect to the Debtor, all rights, causes of action, all of the

1 right, title and interest in and to Property (real or personal, tangible or intangible) of whatever
2 type or nature, owed by the Debtor as of the Effective Date, together with Property
3 subsequently acquired by the Debtor, and including, but not limited to, Property as defined in
4 Bankruptcy Code § 541.

5 **2.37 Pro Rata.**

6 This term will refer to and mean the proportion that an Allowed Claim in a particular
7 Class bears to the total amount of all Allowed Claims in that Class.

8 **2.38 Proponent.**

9 This term refers to and means Ian Chait, who is the proponent of this Plan.

10 **2.39 Secured Claim.**

11 This term refers to and means every claim or portion thereof which is asserted by a
12 creditor holding such claim to be secured by a lien, security interest, or assignment encumbering
13 property in which the Debtor has an interest; provided, however, that such claim shall be a
14 Secured Claim only to the extent of the validity, perfection, and enforceability of the claimed
15 lien, security interest, or assignment and only to the extent of the value of the interest of the
16 creditor holding such claim against such property of the Debtor.

17 **2.40 Secured Creditor.**

18 This term refers to and means every Creditor that holds a Secured Claim in the
19 Bankruptcy Case.

20 **2.41 Unsecured Claim.**

21 This term refers to and means all Claims held by Creditors of the Debtor, including
22 deficiency Claims, dissolution Claims and Claims arising out of the rejection of executory
23 contracts, other than Secured Claims, Administrative Claims, tax Claims and equity Claims.

24 **2.42 Unsecured Creditor.**

25 This term refers to and means the owner or holder of an Unsecured Claim.

26 **ARTICLE III - GENERAL TERMS AND PROVISIONS**

27 The following General Terms and Provisions shall apply to this Plan.

28 ///

1 **3.1 Class of Claims and Payment.**

2 There are various classes of Claims and interests defined in this Plan. This Plan is
3 intended to deal with all Claims against the Debtor of whatever character, whether or not
4 contingent or liquidated, and whether or not allowed by the Court under Bankruptcy Code
5 § 502(h). Only those claims allowed under Bankruptcy Code § 502(a) will receive payment
6 under this Plan.

7 **3.2 Time For Filing Claims.**

8 The Court originally set a hearing for _____ at 230 N. First Avenue, 6th
9 Floor, Courtroom 603, Phoenix, Arizona, to consider the adequacy of the Disclosure Statement
10 and **SET THE ENTRY OF AN ORDER APPROVING THE DISCLOSURE**
11 **STATEMENT AS THE BAR DATE FOR FILING PROOFS OF CLAIM** (except for (a)
12 Creditors with Administrative Claims that arise after the Bar Date, (b) Chapter 11 Professionals,
13 and (c) Creditors holding Claims resulting from the Debtor’s post Bar Date rejection of
14 unexpired leases or Executory Contracts), regardless of whether the claim was scheduled in the
15 Debtor’s bankruptcy schedules.

16 Claims for Class I Administrative Claims arising prior to the Claim Bar Date (except for
17 professionals employed pursuant to Bankruptcy Code § 327) shall be filed on or before the
18 Claim Bar Date. Claims for Class I Administrative Claims arising after the Claim Bar Date, and
19 claims for professionals employed pursuant to Bankruptcy Code § 327, shall be filed on the first
20 business day that occurs on or after the thirtieth (30th) day after the Effective Date. Applications
21 for Approval of Administrative Claims shall be filed with the Bankruptcy Court with copies
22 served upon counsel for the Debtor. Any holder of a Class I Administrative Claim that fails to
23 timely file a final Application for Approval of Administrative Claim shall be deemed to have
24 waived its Claim and the Claim will be disallowed.

25 Claims arising from the Debtor’s rejection of an Executory Contract or unexpired lease
26 that occurs prior to the Claim Bar Date shall be filed on or before the Claim Bar Date. Claims
27 arising from the Debtor’s rejection of an Executory Contract or unexpired lease that occurs after
28 the Claim Bar Date shall be filed on the first business day that occurs on or after the thirtieth

1 (30th) day after the Effective Date. Any person or entity asserting a Claim arising from the
2 Debtor's rejection of an Executory Contract or unexpired lease that fails to timely file a proof of
3 Claim shall be deemed to have waived its Claim and the Claim will be disallowed.

4 **3.3 Claim Dispute Resolution.**

5 On or before the sixtieth (60th) day after the Effective Date, the Debtor and/or any party
6 in interest may file with the Bankruptcy Court, serving a copy upon counsel for the Debtor, an
7 objection to any Application for Approval of Administrative Claim, proof of claim or interest
8 filed, or deemed filed herein. No Claim will be an Allowed Claim until timely filed objections
9 to its allowance are resolved. The Court shall resolve all objections at a separate hearing or
10 hearings. **Any Claims not timely filed or allowed shall be discharged by the Confirmation**
11 **Order.**

12 Only Allowed Claims and interests will receive a distribution from Debtor's bankruptcy
13 estate. The Debtor has the right to object to any claim where it appears that there is some
14 dispute with regard to the claim or interest as filed. Unless deemed filed pursuant to
15 Bankruptcy Rule 3003(b), the failure to timely file a proof of Claim or interest will result in
16 disallowance of the Claim or interest.

17 **3.4 Executory Contracts.**

18 Prior to the Confirmation Date, the Debtor will have filed motions to assume or reject all
19 executory contracts. Any executory contracts not sought to be assumed prior to the
20 Confirmation Date will be deemed to have been rejected.

21 **ARTICLE IV - CLASSIFICATION OF CLAIMS AND INTERESTS**

22 In accordance with Bankruptcy Code § 1122, all Claims or interests against the Debtor
23 and/or Estate of the Debtor are classified below:

24 **4.1 Class I - Administrative Claims.**

25 Class I consists of the allowed Administrative Claims for actual and necessary costs and
26 expenses of administration entitled to priority under Bankruptcy Code §§ 503(b) and 507(a)(1).
27 This Class includes, without limitation, post-petition tax Claims, the Debtor's attorneys' fees,
28 and fees due the United States Trustee, if any.

1 **4.2 Class II – Priority Claims.**

2 Class II consists of all Claims which are entitled to priority treatment pursuant to
3 Bankruptcy Code § 507(a). Each holder of a Priority Claim in Class II is considered to be in its
4 own separate subclass within Class II, and each such subclass is deemed to be a separate Class
5 for purposes of the Plan. Class II consists of various subclasses of asserted priority Creditor
6 Claims.

7 **4.2.1 Class II(a) – Priority Claim of Arizona Department of Revenue.**

8 Class II(a) consists of any Allowed Priority Claim of the Arizona Department of
9 Revenue (“ADOR”) relating to individual income taxes due by the Debtor.

10 **4.2.2 Class II(b) - Priority Claim of Internal Revenue Service.**

11 Class II(b) consists of the Allowed Priority Claim of the Internal Revenue
12 Service (“IRS”) relating to individual income taxes due by the Debtor.

13 **4.3 Class III – Secured Claims.**

14 Class III consists of various subclasses of asserted Secured Creditor Claims. Each
15 holder of a Secured Claim in Class III is considered to be in its own separate subclass within
16 Class III, and each such subclass is deemed to be a separate Class for purposes of the Plan.

17 **4.3.1 Class III(a) – Secured Claim of Internal Revenue Service.**

18 Class III(a) consists of the Allowed Secured Claim of the IRS pursuant to the
19 Notice of Federal Tax Lien filed by the IRS on July 27, 2015 with the Maricopa County
20 Recorder’s Office, Recording No. 20150538125.

21 **4.3.2 Class III(b) – Secured Claim of Gateway One Lending & Finance.**

22 Class III(b) consists of the Allowed Secured Claim of Gateway One Lending &
23 Finance (“Gateway”) relating to the 2015 Honda Accord (“2015 Honda”).

24 **4.3.3 Class III(c) – Secured Claim of American Honda Finance**
25 **Corporation.**

26 Class III(c) consists of the Allowed Secured Claim of American Honda Finance
27 Corporation (“AHFC”) relating to the 2013 Honda Accord (“2013 Honda”).
28

1 **4.3.4 Class III(d) – Secured Claim of John Lott.**

2 Class III(d) consists of the Allowed Secured Claim of John Lott relating to a
3 promissory note secured by the Debtor’s interests in the 1978 Pontiac Firebird (“Pontiac”) and
4 1964 Cadillac de Ville (“Cadillac”).

5 **4.4 Class IV – General Unsecured Creditors.**

6 Class IV consists of all Allowed Unsecured Claims that are not entitled to classification
7 in any other class of claims.

8 **ARTICLE V - PLAN IMPLEMENTATION**

9 The Plan will be implemented upon entry of an order by the Bankruptcy Court
10 confirming the Plan. Upon the Effective Date, or at such other time as specifically provided for
11 in this Plan, Creditors holding Allowed Claims will receive the treatment provided for in the
12 Plan. Creditors must hold Allowed Claims before they will be entitled to the treatment provided
13 in the Plan.

14 The Plan will be funded by the Debtor’s cash on hand, post-petition income, and post-
15 confirmation income. Unless a party in interest objects to the Debtor’s estimate of value of any
16 asset prior to confirmation of the Plan, the value of the assets set forth in the Plan, as amended,
17 shall be determinative.

18 **ARTICLE VI - TREATMENT OF CLAIMS AND INTERESTS**

19 **6.1 Class I - Administrative Claims.**

20 AB&J has not yet filed applications for attorneys’ fees in this case. Upon retention of
21 AB&J, the Debtor provided AB&J with a retainer in the amount of \$18,500.00. Prior to the
22 Petition Date, AB&J applied \$7,348.00 of the retainer to pre-bankruptcy advice, services, and
23 costs, and the Chapter 11 filing fee. The remaining \$11,152.00 is held in the firm’s trust
24 account. While Plan litigation is possible, at this time the Debtor anticipates that AB&J will not
25 accrue significant attorneys’ fees and costs in pursuing confirmation of the Plan. The holders of
26 Allowed Class I Claims shall be paid in full on the Effective Date of the Plan or upon such other
27 terms as the Debtor and the holders of Allowed Class I Claims agree. Class I Claims are
28 unimpaired.

1 **6.2 Class II – Priority Claims.**

2 Unless otherwise specified, holders of Allowed Priority Claims in any of the Class II
3 subclasses shall receive payment in full within five years of the Petition Date. The first
4 payment will be due on the Effective Date. The interest rate paid to Allowed Class II Claims
5 shall be three percent (3.0%) per annum from the Effective Date.

6 **6.2.1 Class II(a) – Priority Claim of Arizona Department of Revenue.**

7 The Allowed Class II(a) Claim is in the total amount of \$14,040.29. The interest
8 rate paid to the Allowed Class II(a) Claim shall be three percent (3.0%) per annum. The holder
9 of the Allowed Class II(a) Claim shall receive payment of the Allowed Class II(a) Claim in full,
10 in equal monthly payments of \$278.27 beginning on September 1, 2016 and continuing through
11 February 1, 2021. The ADOR also asserts a general Unsecured Claim in the amount of
12 \$7,377.23, which shall be treated and paid as an Allowed Class IV General Unsecured Claim.
13 No prepayment penalty shall pertain to the Class II(a) Claim.

14 If the Debtor fails to comply with the provisions of the Plan with respect to the
15 liability owed to the ADOR, which includes but is not limited to, the failure to make full and
16 timely payments, such failure shall constitute a default under the Plan. If the Debtor fails to
17 cure the default within 30 days after written notice of the default from the ADOR or its agents,
18 the entire balance due to the ADOR shall be immediately due and owing. In the event of a
19 default, the ADOR may enforce the entire amount of its Claim, exercise any and all rights and
20 remedies under applicable non-bankruptcy law, which include, but are not limited to, state tax
21 collection procedures and any other such relief as may be deemed appropriate by the
22 Bankruptcy Court. Class II(a) is impaired.

23 **6.2.2 Class II(b) – Priority Claim of Internal Revenue Service.**

24 The Allowed Class II(b) Claim is in the total amount of \$3,869.28. The interest
25 rate paid to the Allowed Class II(b) Claim shall be three percent (3.0%) per annum. The holder
26 of the Allowed Class II(b) Claim shall receive payment of the Allowed Class II(b) Claim in full,
27 in equal monthly payments of \$76.69 beginning on September 1, 2016 and continuing through
28 February 1, 2021. The IRS also asserts a general Unsecured Claim in the amount of \$56,650.14,

1 which shall be treated and paid as an Allowed Class IV General Unsecured Claim. No
2 prepayment penalty shall pertain to the Class II(b) Claim. Any alleged remaining unpaid
3 amount for the Class II(b) Claim not otherwise receiving treatment in this Plan, including,
4 without limitation, any additional claims for interest or penalties, shall be enjoined and
5 discharged by the Plan.

6 In the event the Debtor defaults on any payment due to the holder of the Class
7 II(b) Claim as required under the confirmed Plan, and in the event the Debtor fails to cure said
8 default within thirty days after written notice of the default is mailed to the Debtor and the
9 Debtor's attorneys, the entire imposed liability together with any unpaid current liabilities, shall
10 become due and payable immediately. The IRS may collect unpaid liabilities that become due
11 as a result of the default through the administrative collection provision or judicial remedies as
12 set forth in the Internal Revenue Code. The IRS shall not be required to seek a modification
13 from the automatic stay to collect any tax liabilities from property that has reverted with the
14 Debtor. Class II(b) is impaired.

15 **6.3 Class III – Secured Claims.**

16 Unless otherwise specified below, holders of Allowed Secured Claims in any of the
17 Class III subclasses shall receive full payment of the amount of their Allowed Secured Claims.
18 Any of the Debtor's defaults under loan documents with the Allowed Secured Claimants shall
19 be deemed cured as of the Effective Date and to the extent such loan documents provide for
20 default resulting from the Debtor's bankruptcy filings, such default shall not be enforceable.
21 Notwithstanding any pre-bankruptcy agreements with Class III Claimants, the Debtor's
22 statement of the value of each Secured Claim shall be final unless a Creditor objects to the
23 Debtor's value prior to the confirmation of the Plan. Unless otherwise specified herein or in an
24 order entered by the Bankruptcy Court, holders of Allowed Secured Claims shall retain any
25 existing perfected liens to secure the Debtor's obligations under the Plan. Payments to holders
26 of Allowed Class III Secured Claims will begin on the Effective Date.

27 **6.3.1 Class III(a) – Secured Claim of Internal Revenue Service.**

28 The IRS holds an Allowed Secured Claim in the amount of \$37,698.33. The

1 holder of the Allowed Class III(a) Claim shall receive payment of the Allowed Class III(a)
2 Claim in full, in equal monthly payments of \$747.17 beginning on September 1, 2016 and
3 continuing through February 1, 2021 The interest rate paid to Allowed Class III(a) Claim shall
4 be three percent (3.0%) per annum from the Effective Date. No prepayment penalty shall
5 pertain to this Claim. Any alleged remaining unpaid Claim to the IRS not otherwise receiving
6 treatment in this Plan, including without limitation, any additional Claims for interest or
7 penalties, shall be enjoined and discharged by the Plan.

8 In the event the Debtor defaults on any payment due to the holder of the Class
9 III(a) Claim as required under the confirmed Plan, and in the event the Debtor fails to cure said
10 default within thirty days after written notice of the default is mailed to the Debtor and the
11 Debtor's attorney, the entire imposed liability together with any unpaid current liabilities, shall
12 become due and payable immediately. The IRS may collect unpaid liabilities that become due
13 as a result of the default through the administrative collection provision or judicial remedies as
14 set forth in the Internal Revenue Code. The IRS shall not be required to seek a modification
15 from the automatic stay to collect any tax liabilities from property that has reverted with the
16 Debtor. Class III(a) is impaired.

17 **6.3.2 Class III(b) – Secured Claim of Gateway One Lending & Finance.**

18 The holder of the Allowed Class III(b) Claim shall receive payment of the
19 Allowed Class III(b) Claim in full, in sixty (60) equal monthly payments of principal and
20 interest. The first payment will be due on the Effective Date. Gateway shall retain its lien
21 against the 2015 Honda up to the value of the Allowed Secured Claim, which the Debtor asserts
22 is \$22,000. Payments on the Allowed Class III(b) Claim shall begin on the Effective Date. The
23 interest rate paid on the Allowed Class III(b) Claim shall be four percent (4.0%) per annum
24 from the Effective Date. Alternatively, the Debtor may turn over the 2015 Honda in full
25 satisfaction of the Allowed Secured Claim, not later than ninety (90) days after the Effective
26 Date. Any deficiency claim shall be treated as a Class IV General Unsecured Claim. No
27 prepayment penalty shall pertain to this Claim. Class III(b) is impaired.

28

1 **6.3.3 Class III(c) – Secured Claim of American Honda Finance**
2 **Corporation.**

3 The holder of the Allowed Class III(c) Claim shall receive payment of the
4 Allowed Class III(c) Claim in full, in sixty (60) equal monthly payments of principal and
5 interest. The first payment will be due on the Effective Date. AHFC shall retain its lien against
6 the 2013 Honda up to the value of the Allowed Secured Claim, which the Debtor asserts is
7 \$12,000. Payments on the Allowed Class III(c) Claim shall begin on the Effective Date. The
8 interest rate paid on the Allowed Class III(c) Claim shall be four percent (4.0%) per annum
9 from the Effective Date. Alternatively, the Debtor may turn over the 2013 Honda to AHFC in
10 full satisfaction of the Allowed Secured Claim, not later than ninety (90) days after the Effective
11 Date. Any deficiency claim shall be treated as a Class IV General Unsecured Claim. Class
12 III(c) is impaired.

13 **6.3.4 Class III(d) – Secured Claim of John Lott.**

14 The holder of the Allowed Class III(d) Claim shall receive payment of the
15 Allowed Class III(d) Claim in full, in thirty (30) equal monthly payments of principal and
16 interest. The first payment will be due on the Effective Date. Mr. Lott shall retain his lien
17 against the Pontiac and Cadillac up to the value of the Allowed Secured Claim, which the
18 Debtor asserts is \$15,000. Payments on the Allowed Class III(d) Claim shall begin on the
19 Effective Date. The interest rate paid on the Allowed Class III(d) Claim shall be four percent
20 (4.0%) per annum from the Effective Date. Any deficiency claim shall be treated as a Class IV
21 General Unsecured Claim. Class III(d) is impaired.

22 **6.4 Class IV– General Unsecured Creditors.**

23 Holders of Allowed Class IV Claims shall be paid the sum of \$15,000 over five years.
24 The Debtor shall make the payments to the holders of Allowed Class IV Claims on the first
25 Business Day that occurs 11 months after the Effective Date (“Initial Payment Date”) and every
26 year thereafter for four years based upon each Class IV Claim’s *pro rata* share of potential
27 Unsecured Claims. Such payments shall be as follows: (i) Year One — \$3,000; (ii) Year Two
28 — \$3,000; (iii) Year Three — \$3,000; (iv) Year Four — \$3,000; and (v) Year Five — \$3,000.

1 No interest will accrue or be paid to the holders of the Allowed Class IV Claims. If a Class IV
2 Claim is not an Allowed Claim prior to 30 days after the Effective Date, such Class IV Claim
3 holder shall receive payment on the one year payment date that falls after its Class IV Claim
4 becomes an Allowed Claim. Class IV is impaired.

5 **ARTICLE VII - VOTING PROCEDURE**

6 Creditors will vote to accept or reject this Plan. THIS PLAN CANNOT BE
7 CONFIRMED IF THE PLAN DOES NOT RECEIVE AT LEAST TWO-THIRDS (2/3) IN
8 AMOUNT AND MORE THAN ONE-HALF (1/2) IN NUMBER OF ALLOWED CLAIMS
9 VOTING IN EACH IMPAIRED CLASS, provided, however, if the requisite acceptances are
10 not obtained from one or more impaired Classes, the Court may nonetheless confirm the
11 Proponent's Plan pursuant to Bankruptcy Code § 1129(b) if one impaired Class accepts the Plan
12 and the Court finds that the Debtor's Plan provides, among other things, fair and equitable
13 treatment of the Classes rejecting the Plan and that creditors receive as much or more under the
14 Plan than they would receive in a Chapter 7 liquidation.

15 **ARTICLE VIII - BINDING EFFECT OF PLAN**

16 The provisions of this Plan shall bind the Debtor and any Person or entity holding a
17 Claim against the Debtor and his Estate, whether asserted or non-asserted, and any Person
18 asserting an interest in the Debtor, whether or not a Claim or interest of such Person or entity
19 arose before or after the respective filing dates or the Effective Date, whether or not the Claim
20 or interest is impaired under the Plan, and whether or not such Person or entity has accepted the
21 Plan.

22 **ARTICLE IX - EFFECT OF CONFIRMATION**

23 Except as otherwise provided herein, the rights afforded in the Plan shall be in exchange
24 for, and in complete satisfaction and release of, all Claims against the Debtor of any nature
25 whatsoever. All holders of Claims against the Debtor shall be precluded from asserting against
26 the Debtor, the Estate, or the Assets or Property of the Debtor or the Estate any other or further
27 Claim based upon any omission, transaction or other activity of any kind or nature that occurred
28 prior to the Effective Date. This release shall be effective as to each Claim, regardless of

1 whether the Claim is listed on the Debtor's Statements or Schedules filed in this Case, whether
2 a proof of Claim was filed, whether such proof of Claim was withdrawn, whether the Claim is
3 an Allowed Claim, in whole or in part, or whether the holder of the Claim votes to accept or
4 reject this Plan. Upon the Effective Date, all of the Debtor's Property will vest in the Debtor,
5 which, subject to the obligations set forth in this Plan, may utilize the Property free of any
6 burdens of the Bankruptcy Code and without need to obtain Court approval of its actions. This
7 release is not a discharge and the Debtor is entitled to a discharge only as permitted by
8 Bankruptcy Code § 1141(d)(2) and (5).

9 **ARTICLE X - MODIFICATION OF PLAN**

10 This Plan may be modified in accordance with the provisions of the Bankruptcy Code
11 and Chapter 11 as follows:

12 **10.1 Pre-Confirmation.**

13 In accordance with Bankruptcy Code § 1127(a), the modification of the Plan may be
14 proposed in writing by the Proponent at any time before its Confirmation, provided that the
15 Plan, as thus modified, meets the requirements of Bankruptcy Code §§ 1122 and 1123, and the
16 Proponent complies with Bankruptcy Code § 1125.

17 **10.2 Post-Confirmation.**

18 In accordance with Bankruptcy Code § 1127(b), the Plan also may be modified at any
19 time after its Confirmation and before its substantial consummation, provided that the Plan as
20 thus modified meets the requirements of Bankruptcy Code §§ 1122 and 1123, provided further
21 that the circumstances then existing justify such modification, and the Court confirms the Plan
22 as thus modified under Bankruptcy Code § 1129.

23 **10.3 Effect.**

24 Every modification of the Plan will supersede the previous version of the Plan as and
25 when ever each modification is effective. When superseded, the previous version of the Plan
26 will be in the nature of a withdrawn or rejected settlement proposal, and will be null, void and
27 unusable by the Debtor or any other party for any purposes whatsoever with respect to any of
28 the contents of such version of the Plan.

1 **ARTICLE XI - RETENTION OF JURISDICTION**

2 Notwithstanding the confirmation of this Plan, the Bankruptcy Court shall retain
3 jurisdiction for all matters arising out of, or related to, the Bankruptcy Case and this Plan,
4 including, but not limited to, all of the following:

5 **11.1 In General.**

6 The Court shall retain jurisdiction to determine the allowance and payment of any
7 Claims upon any objection thereto (or other appropriate proceedings) by the Debtor or by any
8 other party in interest entitled to proceed in that manner. As part of such retained jurisdiction,
9 the Court shall continue to determine the allowance of Administrative Claims and any requests
10 for payment thereof, including professional fees and costs which are Administrative Claims
11 classified as Class I Claims.

12 **11.2 Sales.**

13 The Court shall retain jurisdiction to adjudicate and determine any issues that arise out
14 of or relate to a sale of any Property of the Debtor.

15 **11.3 Plan Disputes.**

16 The Court shall retain jurisdiction to determine any dispute, which may arise regarding
17 the interpretation of any provisions of this Plan.

18 **11.4 Further Orders.**

19 The Court shall retain jurisdiction to facilitate the Consummation of this Plan by
20 entering, consistent with the provisions of this Plan, any further necessary or appropriate
21 order(s) regarding the enforcement of this Plan and any provision(s) thereof.

22 **11.5 Other Claims.**

23 The Court shall retain jurisdiction to adjudicate any causes of action or other
24 proceedings presently pending or otherwise referenced here or elsewhere in this Plan, including,
25 but not limited to, any action regarding the initiation, prosecution, enforcement, compromise or
26 settlement of the causes of action in the Debtor's Estate, and the adjudication of any and all
27 "core proceedings" under 28 U.S.C. § 157(b) which may be pertinent to the Bankruptcy Case.
28

1 **11.6 Enforcement of Plan.**

2 The Court shall retain jurisdiction to enforce any provisions of this Plan, and any and all
3 documents relating to this Plan, including but not limited to the conduct of sales pursuant to
4 Bankruptcy Code §§ 363(f) or (h).

5 **11.7 Appeals.**

6 In the event of any appeal of the Confirmation Order, and provided that no stay of the
7 effectiveness of such Confirmation Order has been entered, the Court shall retain jurisdiction to
8 implement and enforce the Confirmation Order and this Plan according to their terms,
9 including, but not limited to, jurisdiction to enter such orders regarding disbursements under
10 this Plan or the consummation thereof as may be necessary to effectuate the terms of this Plan.

11 **11.8 Tax Issues.**

12 The Court shall retain jurisdiction to adjudicate and determine any issues that relate to
13 this Bankruptcy Case and any governmental unit's Claim with respect to any tax, or any fine,
14 interest or penalty relating to a tax.

15 **11.9 Unexpired Leases and Other Executory Contracts.**

16 The Court shall retain jurisdiction to determine any and all claims arising from rejection
17 of unexpired leases and other executory contracts.

18 **11.10 Settlement Agreement Disputes.**

19 The Court will retain jurisdiction to determine any dispute which may arise regarding
20 the enforcement of any settlement or compromise related to the Bankruptcy Case.

21 **11.11 Professional Fees and Costs.**

22 The Court will retain jurisdiction to determine any and all issues that relate to the
23 payment of professionals in the Bankruptcy Case. Any professional fees incurred by the
24 Debtor's professionals after the Confirmation Date shall be payable in the ordinary course
25 without the need to seek or obtain Bankruptcy Court approval.

26 **11.12 Close of Case.**

27 This Case shall be deemed closed upon entry of a final decree closing the Case.
28 Notwithstanding anything to the contrary contained herein, the Proponent shall not be bound by

1 estoppel, or the principles of *res judicata* or collateral estoppel, with respect to any term or
2 provision contained herein in the event the Plan is not confirmed upon the terms and provisions
3 set forth herein.

4 **ARTICLE XII - RETENTION AND PROSECUTION OF CLAIMS**

5 **12.1 Preservation of Debtor's Claims, Demands, and Causes of Action.**

6 In accordance with Bankruptcy Code § 1123(b)(3), all of the Debtor's Claims and
7 causes of action will survive the entry of the Confirmation Order and the Effective Date; they
8 will not be discharged by the Plan; and they will become and remain Assets of the reorganized
9 Debtor after the Effective Date.

10 **12.2 Procedure for Determination of Claims.**

11 **12.2.1 Objections to Claims.**

12 Except as to any Claim that has been Allowed prior to the Effective Date, no
13 later than on the sixtieth (60th) day after the Effective Date, the Debtor or any party in interest
14 may object to the allowance of any Claim against the Debtor or seek estimation thereof on any
15 Claim (including any Claim amounts stated in the Plan).

16 **12.2.2 Disputed Claims.**

17 No payments or other distributions will be made to holders of Claims unless and
18 until such Claims are Allowed Claims pursuant to a Final Order. If a Claim is not an Allowed
19 Claim by or on the Effective Date or when payment is otherwise due under the Plan, payment of
20 the Allowed Claim will be made when a Claim becomes an Allowed Claim after the Effective
21 Date or as otherwise specifically provided in the Plan.

22 **12.2.3 Treatment of Contingent Claims.**

23 Until such time as a contingent Claim or a contingent portion of an Allowed
24 Claim becomes fixed or absolute or is Disallowed, such Claim will be treated as a Disputed
25 Claim for all purposes related to distributions under the Plan. The holder of a contingent Claim
26 will only be entitled to a distribution under the Plan when and if such contingent Claim becomes
27 an Allowed Claim.

28

1 **12.3 Administrative Claims Bar Date.**

2 Administrative expense proofs of Claim requesting payment of administrative costs and
3 expenses incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1) and
4 503(b) (except for professionals employed pursuant to Bankruptcy Code § 327) must be served
5 and filed with the Bankruptcy Court no later than thirty (30) days after the Effective Date;
6 provided, however, that proofs of Claim will not be required with respect to any unpaid post-
7 petition operating expenses incurred in the normal course of the Debtor’s business prior to the
8 Effective Date. Any such Claim that is not served and filed within this time period will be
9 forever barred. Any Claims for fees, costs, and expenses incurred by any Chapter 11
10 Professionals after the Confirmation Date will be paid in the ordinary course.

11 **ARTICLE XIII - PROVISIONS GOVERNING DISTRIBUTIONS**

12 **13.1 Distributions by Reorganized Debtor.**

13 All Allowed Claims against the Debtor will be paid by the reorganized Debtor according
14 to the Plan.

15 **13.2 Date of Distributions.**

16 Except as otherwise provided in the Plan, or as may be ordered by the Bankruptcy
17 Court, distributions of Cash as to Allowed Claims as of the Effective Date will be made as of
18 the Effective Date or as otherwise agreed by the respective parties. Authorized distributions to
19 be made as of the Effective Date will be deemed made as of the Effective Date if made on the
20 Effective Date or as promptly thereafter as practicable, but in any event no later than thirty (30)
21 days after the Effective Date. Distributions on account of the disputed portion of Disputed
22 Claims that are allowed after the Effective Date will be as provided in the Plan, and if not so
23 provided, no later than thirty (30) days after entry of a Final Order allowing the Claim.

24 **13.3 Delivery of Distributions.**

25 Subject to Bankruptcy Rule 9010, distributions and deliveries to each holder of an
26 Allowed Claim will be made at the address of such holder as set forth on the respective Proof of
27 Claim (or at the last known address of such holder if no Proof of Claim is Filed or if the Debtor
28 has been notified of a change of address) as of the last business day prior to the Effective Date.

1 If any holder's distribution is returned as undeliverable, no further distribution to such holder
2 will be made unless and until the reorganized Debtor is notified of such holder's then current
3 address, at which time all missed distributions will be made to such holder without interest. The
4 Debtor will be under no obligation to attempt to locate the holder of any Allowed Claim or to
5 recognize any purported transfer or encumbrance on the rights of holders of Allowed Claims
6 after the Confirmation Date. Amounts of undeliverable distributions attempted by the
7 reorganized Debtor will be retained by the reorganized Debtor until such distributions are
8 claimed or become Unclaimed Property. All Claims for undeliverable distributions will be
9 made on or before the first anniversary of the Effective Date. After such date, all Unclaimed
10 Property will revert to and become the property of the reorganized Debtor.

11 **13.4 Means of Payment.**

12 Payments made to holders of Allowed Claims pursuant to this Plan will be in United
13 States dollars by checks drawn on the domestic bank selected by the reorganized Debtor, or by
14 wire transfer from a domestic bank, at the option of the reorganized Debtor.

15 **13.5 Setoff.**

16 The reorganized Debtor will, pursuant to Bankruptcy Code § 553 or common law rights
17 of setoff and/or recoupment, in the ordinary course of business setoff or assert recoupment
18 against any Allowed Claim, and the distributions to be made pursuant to this Plan on account of
19 such Claim, the Claims, rights, and causes of action of any nature that the Debtor may hold
20 against the holder of such Claim; provided, however, that neither the failure to effect such a
21 setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the
22 Debtor of any such Claims, rights, and causes of action that the Debtor may possess against
23 such holder.

24 **ARTICLE XIV - GENERAL PROVISIONS**

25 **14.1 Extension of Payment Dates.**

26 If any payment date falls due on any day that is not a Business Day, then such due date
27 will be extended to the next Business Day.

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14.2 Notices.

Any notice required or permitted to be provided under the Plan will be in writing and served by regular postage prepaid first-class mail, hand-delivery, facsimile, or e-mail.

14.3 Default.

If the Debtor is unable to perform the terms and conditions of the Plan, then they will be in default. Any Creditor may seek to enforce the Plan. Before doing so, the Creditor must provide notice to the Debtor specifying the nature of the alleged default and a thirty (30) day period to cure the default. Any notice must be in writing and sent via certified mail to the Debtor at the address on file with the Clerk of this Court and with a copy sent via certified mail to:

Thomas H. Allen
Khaled Tarazi
ALLEN BARNES & JONES, PLC
1850 N. Central Ave., Suite 1150
Phoenix, Arizona 85004

14.4 Closing of the Case.

At such time as the Plan has been fully administered (*i.e.*, when the Plan has been substantially consummated), the reorganized Debtor will file an application for Final Order showing that the Plan has been fully administered.

14.5 Exculpation and Limitation of Liability.

Neither Debtor, nor any of his respective present or former officers, directors, employees, advisors, attorneys, or agents, will have or incur any liability to any holder of a Claim or Equity Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Bankruptcy Case, the extension of credit to the Debtor during the Bankruptcy Case pursuant to debtor-in-possession financing or the use of cash collateral, efforts to obtain confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, whether now known or hereafter discovered, *except for his gross negligence; willful, wanton, or intentional misconduct; or breaches of fiduciary duties.*

1 **14.6 General Injunction.**

2 Except as otherwise expressly provided in this Plan, the Confirmation Order shall
3 provide, among other things, that all parties-in-interest who have held, hold, or may hold Claims
4 are permanently enjoined on and after the Effective Date from: (a) commencing or continuing in
5 any manner any action or other proceeding of any kind with respect to any such Claim against
6 the Debtor or any successor-in-interest of the Debtor, against Property of the Debtor, or against
7 Property of any successor-in-interest of the Debtor; (b) the enforcement, attachment, collection,
8 or recovery by any manner or means of any judgment, award, decree, or order against the
9 Debtor or any successor-in-interest of the Debtor, Property of the Debtor, or against Property of
10 any successor-in-interest of the Debtor with respect to any such Claim; (c) creating, perfecting,
11 or enforcing any encumbrance of any kind against the Debtor or any successor-in-interest of the
12 Debtor, against Property of the Debtor, or against Property of any successor-in-interest of the
13 Debtor with respect to any such Claim; (d) from asserting any setoff, right of subrogation, or
14 recoupment of any kind against any obligation due the Debtor or any successor-in-interest of the
15 Debtor, against Property of the Debtor, or against Property of any successor-in-interest of the
16 Debtor, with respect to any such Claim; (e) conducting any form of discovery from the Debtor
17 with respect to any such Claim, or any successor-in-interest of the Debtor; and/or (f) harassing
18 the Debtor or any successor-in-interest of the Debtor.

19 **14.7 Interest.**

20 Whenever interest is to be computed under the Plan, interest will be simple interest and
21 not compounded. Unless otherwise specifically provided for in the Plan or the Confirmation
22 Order, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim will
23 be entitled to interest accruing on or after the Petition Date on any Claim.

24 **14.8 Additional Assurances.**

25 The Debtor and any party-in-interest holding Claims herein will execute such other
26 further documents as are necessary to implement any of the provisions of the Plan.

27 **14.9 Confirmation by Non-Acceptance Method.**

28 The Debtor hereby requests, if necessary, confirmation of the Plan pursuant to

1 Bankruptcy Code § 1129(b) with respect to any impaired Class of Claims that does not vote to
2 accept the Plan.

3 **14.10 Vesting.**

4 As of the Effective Date of the Plan, the reorganized Debtor shall retain and be vested
5 with all of the Assets of the Estate. All Assets retained shall be free and clear of all liens,
6 Claims, and interests of Creditors and parties-in-interest, except as specifically provided in this
7 Plan.

8 **14.11 Successors and Assigns.**

9 The rights and obligations of any Creditor or other party-in-interest referred to in the
10 Plan will be binding upon, and will inure to the benefit of, the successors, assigns, heirs,
11 devisees, executors, and personal representatives of such Creditor or party-in-interest.

12 **14.12 Withdrawal of Plan.**

13 The Plan may be withdrawn or revoked by the Debtor at any time before entry of the
14 Confirmation Order.

15 **14.13 Severability and Reformation.**

16 It is the intention of Debtor to comply fully with the Bankruptcy Code and applicable
17 non-bankruptcy law in proposing the Plan. Therefore, if any provision of the Plan is determined
18 by the Bankruptcy Court to be contrary to the Bankruptcy Code or applicable non-bankruptcy
19 law, that provision will be deemed severed and automatically deleted from the Plan, if it cannot
20 be reformed, or the provision or its interpretation will be deemed reformed to ensure
21 compliance; provided, however, that nothing contained in this paragraph will prevent the Debtor
22 from modifying the Plan in any manner whatsoever in accordance with and as set forth in the
23 Plan. Pursuant to any ruling by the Bankruptcy Court regarding the subject matter of this
24 paragraph, any such severance or reformation will be stated specifically in the Confirmation
25 Order, which then will control notwithstanding any contrary or inconsistent provisions of the
26 Plan.

27 ///

28 ///

1 **APPROVED AS TO FORM AND CONTENT:**

2 **ALLEN BARNES & JONES, PLC**

3

4 *By: /s/ THA #11160* _____

5 Thomas H. Allen
6 Khaled Tarazi
7 1850 N. Central Avenue, Suite 1150
8 Phoenix, Arizona 85004
9 Attorneys for Debtor

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Exhibit “B”

Chait, Ian

Creditor	Balance	Payment	
Class II(a) - ADOR priority	\$14,040.29	\$278.27	(payable over 4.5 years)
Class II(b) - IRS priority claim	\$3,869.28	\$76.69	(payable over 4.5 years)
Class III(a) - IRS secured claim	\$37,698.33	\$747.17	(payable over 4.5 years)
Class III(b) - TCF Bank/Gateway - 2015 Honda Accord	\$22,000.00	\$405.16	(payable over 5 years)
Class III(c) - American Honda Finance - 2013 Honda Accord	\$12,000.00	\$221.00	(payable over 5 years)
Class III(d) - John Lott	\$15,000.00	\$526.25	(payable over 2.5 years)
Total secured and priority debt payments:		\$2,254.54	

MONTHLY BUDGET OF REGULAR EXPENSES		
Designated Broker Income		\$2,000.00
Real Estate Income		\$3,000.00
L&P Administration Income		\$3,300.00
TOTAL MONTHLY INCOME:		\$8,300.00
Monthly Expenses		
Rent	\$2,000.00	
Home maintenance and repairs	\$150.00	
Renter's insurance	\$129.00	
Utilities	\$611.00	
Food	\$500.00	
Clothing, laundry and drycleaning	\$150.00	
Personal care products	\$150.00	
Medical and dental expenses	\$200.00	
Transportation and maintenance & repairs	\$200.00	
Entertainment	\$500.00	
Charity	\$100.00	
Health insurance	\$470.00	
Vehicle insurance	\$595.00	
Continuing education		
Income taxes		
Total monthly expenses:		\$5,755.00
Total disposable income:		\$2,545.00
Total needed for secured & priority creditors:		\$2,254.54
Total remaining for unsecured creditors:		\$290.46
Amount that must be paid to unsecured creditors per liquidation analysis:		\$0.00
Amount to be paid to priority unsecured debt:		\$17,909.57
Amount Debtor pledges to general unsecured creditors (\$250 x 60 months):		\$15,000.00

Exhibit “C”

Chait, Ian

Liquidation Analysis

Property	Value	Lien	Exemption	Non-Exempt Equity
1964 Cadillac	\$8,000.00	\$7,500.00	\$500.00	\$0.00
1978 Pontiac	\$8,000.00	\$7,500.00	\$0.00	\$500.00
2013 Honda Accord	\$11,000.00	\$11,000.00	\$0.00	\$0.00
2015 Honda Accord	\$22,000.00	\$22,000.00	\$0.00	\$0.00
Household goods and electronics	\$5,000.00	\$0.00	\$5,000.00	\$0.00
Books	\$400.00	\$0.00	\$250.00	\$150.00
Artwork	\$500.00	\$0.00	\$0.00	\$500.00
2 Guitars	\$400.00	\$0.00	\$400.00	\$0.00
Glock 17	\$400.00	\$0.00	\$500.00	\$0.00
AR 15 Calvary Arms	\$500.00	\$0.00	\$0.00	\$500.00
Clothing	\$500.00	\$0.00	\$500.00	\$0.00
Bracelet	\$100.00	\$0.00	\$0.00	\$100.00
Watch	\$200.00	\$0.00	\$150.00	\$50.00
Wells Fargo checking	\$50.00	\$0.00	\$0.00	\$50.00
First Progress Bank savings	\$300.00	\$0.00	\$300.00	\$0.00
Penny stocks	\$14.00	\$0.00	\$0.00	\$14.00
International Playboy & Spy, LLC	\$2,000.00	\$0.00	\$0.00	\$2,000.00
Ian Chait PLLC	\$0.00	\$0.00	\$0.00	\$0.00
Metro Kitchen LLC	\$0.00	\$0.00	\$0.00	\$0.00
Ingram Adms and North Realty	\$0.00	\$0.00	\$0.00	\$0.00
L&P International Administration	\$30,000.00	\$0.00	\$0.00	\$30,000.00
Real Estate License	\$0.00	\$0.00	\$0.00	\$0.00
Commissions owed and deemed uncollectible	\$0.00	\$0.00	\$0.00	\$0.00
Sementra term life insurance policy	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL :	\$89,364.00	\$48,000.00	\$7,600.00	\$33,864.00
Non-Exempt property		\$33,864.00		
Amount subject to IRS lien		\$37,698.33		
Amount remaning in Chapter 7 liquidation		\$0.00		