

1 Michael C. Fallon, SBN 088313
2 Attorney at Law
3 100 E Street, Suite 219
4 Santa Rosa, California 95404
5 Telephone: (707) 546-6770
6 Facsimile: (707) 546-5775
7 mcfallon@fallonlaw.net

8 Attorney for Debtor

9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA

11 In Re: Case No. 13-11640
12 Reynoso Vineyards Inc. Chapter 11
13 an Illinois Corporation
14 36-4041943

15 Debtor.

16 CHAPTER 11 PLAN OF REORGANIZATION
17 (December 17, 2013)

18 This Plan of Reorganization (hereinafter this "Plan") is proposed by Reynoso
19 Vineyards, Inc. ("Debtor"). Through this Plan Debtor seeks to resolve and reorganize its
20 financial affairs. Please refer to the accompanying Disclosure Statement for a discussion of the
21 history, assets and liabilities, and for a summary and analysis of this Plan. All creditors are
22 encouraged to consult the Disclosure Statement before voting to either accept or reject this
23 Plan.

24 Dated: December 17, 2013

/s/ Michael C. Fallon

25 _____
26 Michael C. Fallon
27 Attorney for Debtor
28

I

Definitions

As used in the Plan, the following terms shall have the respective meanings specified below:

“Administrative Claim” means a Claim for any cost or expense of administration of kind specified in Section 503(b) of the Bankruptcy Code, including any actual and necessary costs and expenses of preserving the Bankruptcy Estate incurred on or after the Petition Date and through and including the Confirmation Date, any cure amounts that must be paid in connection with the assumption of any executory contract or unexpired lease of the Debtor under Section 365 of the Bankruptcy Code, fees due to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6), and compensation for legal or other services and reimbursement of expenses allowed by the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code or otherwise.

“Administrative Claims Bar Date” means that date which is thirty (30) days following the date of the notice of the Confirmation Date.

“Allowed” or “Allowed Amount” means the amount in which any Claim or Interest is allowed. Unless otherwise expressly required by the Bankruptcy Code or the Plan, the Allowed Amount of any Claim does not include interest on such Claim from or after the Petition Date.

“Allowed Administrative Claim” means all or any portion of Administrative Claim that has either been Allowed by a Final Order or has not been objected to within the time period established by the Plan or by an order of the Bankruptcy Court.

“Allowed Claim” means a Claim (a) in respect to which a proof of Claim has been filed with the Bankruptcy Court by the applicable Claims Bar Date and to which no objection has been filed within the time fixed by the Plan or the Bankruptcy Court; (b) as to which no proof of Claim has been filed and which has been listed on Schedule D, E, or F of the Debtor’s Schedules and is not listed as disputed, contingent, unliquidated or unknown as to the amount, and to which no objection has been filed within the time fixed by the Plan or the Bankruptcy Court; or (c) which is Allowed by a Final Order. No Claim shall be considered an Allowed

1 Claim if (1) an objection to the allowance thereof is interposed by a party in interest within the
2 time fixed by the Plan or the Bankruptcy Court, and such objection has not been overruled by a
3 Final Order, or (2) the Claim has already been satisfied.

4 “Allowed Unsecured Claim” means any Allowed Claim that is not an Allowed Secured
5 Claim, including the unsecured Claims of undersecured Creditors and Rejection Claims, but
6 excluding Administrative Claims, Priority Claims and Tax Claims.

7 “Available Cash” means any and all cash and cash equivalents owned or held by the
8 Reorganized Debtor available for payment of Claims, Allowed Tax Claims, Allowed Priority
9 Claims, Allowed Secured Claims, and after reserving for expenses incurred and anticipated to
10 be incurred as provided for under the Plan.

11 “Avoidance Actions” means causes of action of the Debtor under Chapter 5 of the
12 Bankruptcy Code.

13 “Bankruptcy Case” or “Case” means the bankruptcy case commenced by the Debtor
14 filing with the Bankruptcy Court of their Voluntary Petition under Chapter 11 of the
15 Bankruptcy

16 “Bankruptcy Code” means Title 11, United States Code, § 101, et seq. as in
17 effect and applicable to the Case.

18 “Bankruptcy Court” means the United States Bankruptcy Court for the Northern
19 District of California, Santa Rosa Division or such other court exercising jurisdiction over the
20 Case.

21 “Bankruptcy Estate” means the estate created by the commencement of the Bankruptcy
22 Case and comprised of the property described in Section 541 of the Bankruptcy Code.

23 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure Promulgated
24 under 28 U.S.C. § 2075, as amended, as applicable to the Bankruptcy Case.

25 “Claim” means any (a) right to payment, whether or not such right is reduced to
26 judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed,
27 undisputed, legal, equitable, secured, unsecured; or (b) right to an equitable remedy for breach
28 of performance if such breach gives rise to a right payment, whether or not such right to an

1 equity remedy is reduced to judgement, fixed, contingent, matured, unmatured, disputed,
2 undisputed, secured, unsecured.

3 “Claims Bar Date” means the date set by the court for the filing of proofs of claim.

4 “Confirmation” means the entry by the Bankruptcy Court of the Order of Confirmation.

5 “Confirmation Date” means the date on which the Bankruptcy Court enters the Order of
6 Confirmation.

7 “Confirmation Hearing” means the hearing held by the Bankruptcy Court on
8 confirmation of the Plan as required by Section 1128(a) of the Bankruptcy Code.

9 “Creditor” means any entity holding a Claim against the Debtor.

10 “Debtor” means Reynoso Vineyards, Inc.

11 “Debtor’s Professionals” means Michael C. Fallon, and/or his respective successors, if
12 any; and such other professionals whose employment by the Debtor prior to Confirmation is
13 approved by order of the Bankruptcy Court, if any, and following the Effective Date, any
14 professionals engaged by the Recognized Debtor to represent or assist them in fulfilling their
15 duties and obligations as the Reorganized Debtor under the Plan, including such accountant(s)
16 as the Reorganized Debtor may select to complete the Debtor’s tax returns and other
17 requirements fillings with governmental authorities having jurisdiction over the Reorganized
18 Debtor and such legal professionals as might be appropriated to assist in administering the
19 Plan, the Bankruptcy Cases and the Bankruptcy Estates.

20 “Disbursing Agent” means Debtor, or the Liquidating Agent.

21 “Disputed Claim” means a Claim against the Debtor (a) as to which a proof of Claim
22 has not been filed and that has been listed in the Debtor’s Schedules as disputed, contingent or
23 unliquidated, or; (b) as to which an objection or adversary proceeding has been filed within the
24 time fixed by the Bankruptcy Court and with objection and adversary proceeding has not been
25 withdrawn or disposed of by a Final Order.

26 “Distribution” means, as the context requires: (a) the cash to be provided under the Plan
27 to the holders of Allowed Claims; or (b) the payment, transfer, delivery or deposit of cash to
28 Creditors pursuant to the Plan.

1 “Distribution Date” means any date on which a Distribution is made pursuant to the
2 Plan.

3 “Effective Date” means the thirtieth (30th) day following the Confirmation Date so long
4 as the Order of Confirmation is not subject to a stay.

5 “Final Order” means an order entered on the docket by the Bankruptcy Court as to
6 which no timely filed notice of appeal is pending within ten (10) days of entry of such order;
7 or, if such appeal is pending, for which no stay pending has been issued.

8 “Liquidating Agent” means the Person appointed pursuant to Article VII of this Plan.

9 “Order of Confirmation” means the order entered by the Bankruptcy Court approving
10 and confirming the Plan in accordance with the provision of Chapter 11 of the Bankruptcy
11 Code.

12 “Person” shall have the meaning ascribed to it in the Bankruptcy Code.

13 “Petition Date” means August 26, 2013, the date on which the Debtor filed its
14 Voluntary Petition under Chapter 11 initiating the Bankruptcy Case and on which date relief
15 was ordered in the Bankruptcy Case.

16 “Plan” means the Debtor’s Plan of Reorganization, including any modification(s) hereof
17 and/or amendment(s) hereto that comply with Section 1127 of the Bankruptcy Code and
18 Bankruptcy Rule 3019.

19 “Priority Claim” means any Allowed Claim entitled to priority pursuant to Section
20 507(a) of the Bankruptcy Code, but not including an Administrative Claim or a Tax Claim.

21 “Prime” means the Prime Rate published in the Wall Street Journal.

22 “Pro Rata” means, with respect to any Distributions to be made to the holder of an
23 Allowed Claim or Interest, the proportion that such Allowed Claim or Allowed Interest bears to
24 the aggregate of all outstanding Allowed Interest in the same Class.

25 “Reorganized Debtor” means the Debtor on and after the Effective Date.

26 “Retained Claims” means any Claim, or cause of action created by contract, tort, equity,
27 or statute, owned or held by the Debtor against any Person as of the Effective Date, including
28 Avoidance Actions and those Retained Claims referred to in Article XII.

1 “River Road” means the property commonly described as 25500 River Road,
2 Cloverdale, California.

3 “Secured Claim” means a Claim secured by a lien, security interest, or other charges
4 against or interest in property in which the Debtor has an interest or that is subject to setoff
5 under Section 553 of the Bankruptcy Code, to the extent of the value (as specified in the Plan,
6 or if no value is specified, as determined in accordance with Section 506(a) of the Bankruptcy
7 Code) of the interest of a holder of such Allowed Claim in the Debtor’s interest in such
8 property or to the extent of the amount subject to such setoff, as the case may be.

9 “Tax Claim” means any Allowed Claim against the Debtor entitled to priority pursuant
10 to Section 506(a)(8) of the Bankruptcy Code.

11 A term used in the Plan that is not herein defined but is defined in the Bankruptcy Code
12 or Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or
13 the Bankruptcy Rules.

14 II

15 Designation of Classes of Claim and Interests

16 The Allowed Claims against are designated and classified below for purposes of the
17 Plan. Except to the extent that the Plan provides otherwise, a Claim that may be included in
18 more than one class is classified in a particular class only to the extent that it qualifies within
19 the description of that class, and is placed in a different class to the extent it qualifies within the
20 description of such different class.

21 2.1 Class 1 consists of the County of Sonoma Tax Collector to the extent that such
22 Claim constitutes an Allowed Secured Claim on certain real property commonly known as
23 River Road.

24 2.2 Class 2 consists of the Exchange Bank (First Deed of Trust) claim in the
25 approximate amount of \$7,826,716.79 (as of January 1, 2014), and the Advance Under Deed of
26 Trust in the amount of \$379,871.57 (as of January 1, 2014), which is deemed to be an Allowed
27 Secured Claim on certain real property commonly known River Road, and Exchange Bank’s
28 all-encompassing Security Interest in all personal property of the Debtor.

1 Effective Date and continuing no later than the 10th day of each month thereafter such that the
2 claim is paid in full as provided herein no later than 60 months from the Petition Date.

3 IV

4 Treatment of Claims and Interests
5 Not Impaired Under the Plan

6 4.1 Class 7. Shareholders. Shareholders shall retain their equity position in the Debtor.
7 No dividend or other distribution may be made to the holders of Class 7 Interests on account of
8 their shares until all administrative, priority, secured, and unsecured creditors are paid in full;
9 provided however, that nothing in this Section 4.1 shall bar the Reorganized Debtor from
10 paying reasonable compensation for management services rendered by its officers.

11 V

12 Treatment of Impaired Classes Under the Plan

13 5.1 Class 1: Sonoma County Tax Collector. The delinquent real property taxes shall
14 be paid in equal monthly installments commencing no later than the 10th day of the first full
15 month following the Effective Date and continuing no later than the 10th day of each month
16 thereafter such that the claim is paid in full with statutory interest (pursuant to the relevant
17 California Revenue and Tax Code sections and 11 U.S.C. §§ 506(b) and 511) not later 60
18 months from the Petition Date. All post-confirmation taxes shall be paid timely and in full.
19 The County of Sonoma shall retain its lien on River Road until the entire sum is paid in full.

20 5.2 Class 2: Exchange Bank (First Deed of Trust). Debtor shall pay the unpaid
21 balance due Exchange Bank, calculated as of January 1, 2014 (the "Unpaid Balance"), in full.

22 ~ The Unpaid Balance shall bear interest at the rate of 4.25% for Year 1 (January 1,
23 2014 - December 31, 2014) and shall be amortized over twenty-five (25) years. Payment for
24 Year 1 shall be paid in advance on December 30, 2013.

25 ~ The Unpaid Balance, less the principal pay down from Year 1, shall bear interest at
26 the rate of 4.25% for Year 2 (January 1, 2015 - December 31, 2015) and shall be re-amortized,
27 as of the date of the interest rate change, over twenty-four (24) years. Payment for Year 2 shall
28 be paid in advance on December 30, 2014.

~ The Unpaid Balance, less the principal pay down from Year 1 and Year 2, shall bear

1 interest at the rate of 4.50% for Year 3 (January 1, 2016 - December 31, 2016) and shall be re-
2 amortized, as of the date of the interest rate change, over twenty-three (23) years. Payment for
3 Year 3 shall be paid in advance on December 30, 2015.

4 ~ The Unpaid Balance, less the principal pay down from Years 1, 2 and 3, shall bear
5 interest at the rate of Prime plus 2%, with a floor of 5.25%, for Years 4 and 5 (January 1, 2017
6 - December 31, 2018) and shall be re-amortized, as of the date when the Prime Rate changes,
7 over twenty-two (22) years. Payment for Year 4 shall be paid in advance on December 30,
8 2016; payment for Year 5 shall be paid in advance on December 30, 2017. (Debtor will get
9 written notice of such adjustment. Within 60 days of notice (on the assumption that the
10 adjustment is an upward adjustment in the interest rate) the Debtor will deposit into the account
11 for proposed payments, a sum sufficient to reflect that change).

12 The Unpaid Balance, less all principal payments received under this Plan, shall be due
13 and payable December 30, 2018.

14 In addition, the Debtor shall deposit, prior to January 31st of each year, the sum of
15 \$7,500 which reflects the Exchange Bank's cost for the required annual appraisal of real estate.

16 This claim shall be deemed secured by Exchange Bank's existing deed of trust, and its
17 all-encompassing Security Interest in all personal property of the Debtor, that shall be senior to
18 all other security interests in River Road except the Sonoma County Tax Collector. Debtor
19 shall adhere to the existing covenants in Exchange Bank's loan documents including without
20 limitation the maintenance of taxes and insurance on a current basis.

21 In addition to the default provisions in Article X, if there is a default in payment which
22 default is not cured within sixty (60) days of written notice to Debtor, upon application of such
23 Class 2 Claimant Timothy W. Hoffman shall be appointed Liquidating Agent under the terms
24 of Article VII of this Plan, and Debtor irrevocably consents, and shall consent, to such
25 appointment.

26 With the exception of the above modification, the terms, conditions and covenants of
27 the Promissory Note and Security Agreement remain the same.

28 As of Effective Date, the Debtor, the Reorganized Debtor, their predecessors, heirs,

1 successors, and assigns, including the Liquidating Agent and any Chapter 7 Trustee, shall be
2 deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released
3 and discharged the Class 2 Creditor, its predecessors, successors, assigns, and its present and
4 former directors, shareholders, officers, agents, attorneys, advisors, accountants, financial
5 advisors, investment bankers, and employees, and any entity claimed to be liable derivatively
6 through any of the foregoing, from any and all claims, interests, obligations, rights, suits,
7 damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims
8 asserted on behalf of the Debtor or Reorganized Debtor, whether known or unknown, foreseen
9 or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would
10 have been legally entitled to assert (whether individually or collectively), based on, relating to,
11 or in any manner arising from, in whole or in part, the Debtor, the Reorganized Debtor, the
12 Debtor's Bankruptcy Case, the negotiation, execution, or collateralization of any loan
13 document connected in any way with the Class 2 Claim, or the subject matter of, or the
14 transactions or events giving rise to, the Class 2 Claim. This waiver and release includes,
15 without limitation, (1) any right to object to the Class 2 Claim, (2) any right to surcharge the
16 Class 2 Claim, (3) any right to incur secured debt with a "priming lien" as to the Class 2 Claim,
17 (4) any claims or causes of action which may exist pursuant to Bankruptcy Code Sections 502,
18 506, 510, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, and 552, (5) any claims or
19 setoff rights for usury, and (6) any claims or set offs arising out of any non-bankruptcy right
20 under contract, tort, or statute in law or equity. The release granted by this Section shall be
21 deemed to include an express and irrevocable waiver of any rights conferred by California
22 Civil Code Section 1542, which states: "A general release does not extend to claims which the
23 creditor does not know or suspect to exist in his or her favor at the time of executing the
24 release, which if known by him or her must have materially affected his or her settlement with
25 the debtor."

26 5.3 Class 3. Exchange Bank (Second Deed of Trust). Debtor shall pay the unpaid
27 balance due Exchange Bank, calculated as of January 1, 2014 (the "Unpaid Balance"), in full.

28 ~ The Unpaid Balance shall bear interest at the rate of 4.25% for Year 1 (January 1,

1 2014 - December 31, 2014) and shall be amortized over twenty-five (25) years. Payment for
2 Year 1 shall be paid in advance on January 31, 2014.

3 ~ The Unpaid Balance, less the principal pay down from Year 1, shall bear interest at
4 the rate of 4.25% for Year 2 (January 1, 2015 - December 31, 2015) and shall be re-amortized,
5 as of the date of the interest rate change, over twenty-four (24) years. Payment for Year 2 shall
6 be paid in advance on January 31, 2015.

7 ~ The Unpaid Balance, less the principal pay down from Year 1 and Year 2, shall bear
8 interest at the rate of 4.50% for Year 3 (January 1, 2016 - December 31, 2016) and shall be re-
9 amortized, as of the date of the interest rate change, over twenty-three (23) years. Payment for
10 Year 3 shall be paid in advance on January 31, 2016.

11 ~ The Unpaid Balance, less the principal pay down from Years 1, 2 and 3, shall bear
12 interest at the rate of Prime plus 2%, with a floor of 5.25%, for Years 4 and 5 (January 1, 2017
13 - December 31, 2018) and shall be re-amortized, as of the date of the interest rate change, over
14 twenty-two (22) years. Payment for Year 4 shall be paid in advance on January 31, 2017;
15 payment for Year 5 shall be paid in advance on January 31, 2018. (Debtor will get written
16 notice of such adjustment. Within 60 days of notice (on the assumption that the adjustment is
17 an upward adjustment in the interest rate) the Debtor will deposit into the account for proposed
18 payments, a sum sufficient to reflect that change).

19 The Unpaid Balance, less all principal payments received under this Plan, shall be due
20 and payable December 30, 2018.

21 In addition, the Debtor shall deposit, prior to January 31st of each year, the sum of
22 \$7,500 which reflects the Exchange Bank's cost for the required annual appraisal of real estate.

23 This claim shall be deemed secured by Exchange Bank's existing deed of trust, and its
24 all-encompassing Security Interest in all personal property of the Debtor, that shall be senior to
25 all other security interests in River Road except the Sonoma County Tax Collector. Debtor
26 shall adhere to the existing covenants in Exchange Bank's loan documents including without
27 limitation the maintenance of taxes and insurance on a current basis.

28 In addition to the default provisions in Article X, if there is a default in payment which

1 default is not cured within sixty (60) days of written notice to Debtor, upon application of such
2 Class 3 Claimant Timothy W. Hoffman shall be appointed Liquidating Agent under the terms
3 of Article VII of this Plan, and Debtor irrevocably consents, and shall consent, to such
4 appointment.

5 With the exception of the above modification, the terms, conditions and covenants of
6 the Promissory Note and Security Agreement remain the same.

7 This claim shall be deemed secured by Exchange Bank's existing deed of trust, and its
8 all-encompassing Security Interest in all personal property of the Debtor, that shall be senior to
9 all other security interests in River Road except the Sonoma County Tax Collector and the
10 Exchange Bank first deed of trust. Debtor shall adhere to the existing covenants in Exchange
11 Bank's loan documents including without limitation the maintenance of taxes and insurance on
12 a current basis.

13 As of Effective Date, the Debtor, the Reorganized Debtor, their predecessors, heirs,
14 successors, and assigns, including the Liquidating Agent and any Chapter 7 Trustee, shall be
15 deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released
16 and discharged the Class 3 Creditor, its predecessors, successors, assigns, and its present and
17 former directors, shareholders, officers, agents, attorneys, advisors, accountants, financial
18 advisors, investment bankers, and employees, and any entity claimed to be liable derivatively
19 through any of the foregoing, from any and all claims, interests, obligations, rights, suits,
20 damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims
21 asserted on behalf of the Debtor or Reorganized Debtor, whether known or unknown, foreseen
22 or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such entity would
23 have been legally entitled to assert (whether individually or collectively), based on, relating to,
24 or in any manner arising from, in whole or in part, the Debtor, the Reorganized Debtor, the
25 Debtor's Bankruptcy Case, the negotiation, execution, or collateralization of any loan
26 document connected in any way with the Class 3 Claim, or the subject matter of, or the
27 transactions or events giving rise to, the Class 3 Claim. This waiver and release includes,
28 without limitation, (1) any right to object to the Class 3 Claim, (2) any right to surcharge the

1 Class 3 Claim, (3) any right to incur secured debt with a “priming lien” as to the Class 3 Claim,
2 (4) any claims or causes of action which may exist pursuant to Bankruptcy Code Sections 502,
3 506, 510, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, and 552, (5) any claims or
4 setoff rights for usury, and (6) any claims or set offs arising out of any non-bankruptcy right
5 under contract, tort, or statute in law or equity. The release granted by this Section shall be
6 deemed to include an express and irrevocable waiver of any rights conferred by California
7 Civil Code Section 1542, which states: “A general release does not extend to claims which the
8 creditor does not know or suspect to exist in his favor at the time of executing the release,
9 which if known by him or her must have materially affected his or her settlement with the
10 debtor.”

11 With the exception of the above modification, the terms, conditions and covenants of
12 the Promissory Note and Security Agreement remain the same.

13 5.4 Class 4. Internal Revenue Service. Debtor shall pay Internal Revenue Service the
14 full amount of its Allowed Secured Claim with three percent interest (3.0%) annual interest in
15 equal monthly installments commencing no later than the 10th day of the first month following
16 the Effective Date and continuing no later than the 10th day each month thereafter such that the
17 claim is paid in full as provided herein no later than 60 months from the Petition Date. The
18 IRS will retain its lien during the pendency of the plan.

19 If there is a default in payment, which default is not cured within ten (10) days of
20 written notice to Debtor, Internal Revenue Service may exercise all of its enforcement rights
21 with respect to the collateral

22 5.5 Class 5. John Deere Financial. John Deere Financial shall be paid in full with 4%
23 annual interest in 36 equal monthly installments commencing not later than the 10th day of the
24 of the first month following the Effective Date and continuing no later than the 10th day of each
25 month thereafter until paid in full.

26 5.6 Class 6. Allowed Unsecured Claims. Allowed unsecured claims shall be paid in
27 full in 60 equal monthly installments commencing not later than the 10th day of the of the first
28 month following the Effective Date and continuing no later than the 10th day of each month

1 thereafter until paid in full. In the event that the Liquidating Agent is appointed, Class 6 claims
2 shall be paid, pro rata, from liquidation proceeds pursuant to the terms of Article VII of this
3 Plan.

4 VI

5 Means For Implementation of the Plan 6 Post Confirmation Operations

7 6.1 In General. Subject to the rights and powers of the Liquidating Agent, on and after
8 the Effective Date, the Reorganized Debtor shall be free to operate its financial affairs without
9 further supervision or control by the Bankruptcy Court and free of any restrictions imposed by
10 the Bankruptcy Code except as provided in the Plan or by an order of the Bankruptcy Court.
11 Specifically and without limitation, the Reorganized Debtor may sell, lease, or refinance its
12 property without further Order of Court.

13 6.2 Retained Power to Sell Free and Clear of Liens. The Reorganized Debtor reserves
14 its pre- confirmation rights and powers to sell its property free and clear of disputed liens and
15 interests by noticed motion pursuant to Bankruptcy Code § 363(f), as to any lien or interest
16 whether scheduled or unscheduled, and whether perfected or un-perfected. The Court
17 Expressly reserves jurisdiction over those matter.

18 6.3 Distribution Account. The Disbursing Agent shall be the Debtor, or the Liquidating
19 Agent upon his appointment. The Disbursing Agent shall make Distributions to holders of
20 Allowed Claims as set forth in the Plan or the Confirmation Order; distributions may be made
21 without further Order of Court.

22 6.4 Reserve for Disputed Claims. The Disbursing Agent shall retain a reserve in the
23 Distribution Account in an amount sufficient to make a Pro Rota Distribution to Disputed
24 Claims, and shall promptly make such Distribution when any Disputed Claim becomes an
25 Allowed Claim.

26 6.5 Distribution Addresses. Unless a Creditor has provided the Reorganized Debtor
27 with written notice of a different address, Distributions will be sent to Creditors at the address
28 set forth in the proofs of Claim filed with the Bankruptcy Court. If no proof of Claim is filed

1 with respect to a particular Claim, the Distribution will be mailed to the address set forth in the
2 Schedules.

3 6.6 Prosecution of Retained Claims. The Reorganize Debtor shall retain the right to
4 collect and prosecute all of the Retained Claims.

5 6.7 Revesting of Property of the Estate. Subject to the provisions of Articles VII and X
6 of the Plan, on the Effective Date, all property of the Debtor and the Bankruptcy Estate shall
7 vest in the Reorganized Debtor, free and clear of any and all liens (except for Allowed Secured
8 Claims), encumbrances, Claims and Interests of Creditors. Revesting does not modify the
9 nature of any contracts assumed by the Debtor.

10 6.8 Tax Returns and Payments. The Reorganized Debtor shall file or cause to be filed
11 any and all delinquent and final tax returns and pay any and all taxes owed by the Debtor and
12 the Reorganized Debtor on a timely basis (other than Tax Claims provided under the Plan).

13 6.9 Cure of Defaults. Pursuant to the provisions of Bankruptcy Code Section
14 1125(a)(5)(G), Confirmation of the Plan will be deemed to cure any and defaults on Secured
15 Claims, except to the extent that contrary treatment is provided for the Class 2 and Class 3
16 Claims.

17 6.10 Further Orders. Upon motion by the Debtor, on not less than ten (10) days' notice
18 to ECF/CM participants in the Case and other parties who file a request for notice, the
19 Bankruptcy Court may enter such other and further orders as many be necessary or appropriate
20 to facilitate consummation of the Plan.

21 6.11 Insurance Policies. To the extent any insurance policies exist in either the Debtor
22 and/or its personnel have an insurable or other interest in or right to make a claim, such policies
23 shall remain available, before and after the Effective Date, to satisfy any and all Claims held by,
24 or asserted against, the Debtor and other personnel that may be covered by such polies.

25 6.12 Post-Confirmation Operating Expenses. From and after the Effective Date, the
26 Reorganized Debtor may incur and pay operating expenses in the ordinary course of business
27 without further order of the Court, including the compensation and reimbursement of the
28 Debtor's Professionals for post-confirmation services. Pre-confirmation services shall remain

1 subject to authorization by the Bankruptcy Court, after notice and hearing, pursuant to
2 Bankruptcy Code Section 330.

3 6.13 U.S. Trustee Fees. Not later than thirty (30) days after the end of each calendar
4 quarter that ends after the Effective Date (including any fraction thereof), the Reorganized
5 Debtor shall pay to the United States Trustee the quarterly fee for such quarter until this case is
6 converted, dismissed, or closed pursuant to the Final Decree, as required by 28 U.S.C. §
7 1930(a)(6).

8 6.14 Post-Confirmation Reports. Not later than thirty (30) days after the end of each
9 calendar quarter which ends after the Effective Date, the Reorganized Debtor shall file and serve
10 upon the United States Trustee separate quarterly Post-Confirmation Operating Reports in
11 substantially the form provided by the United States Trustee. Further reports shall be filed thirty
12 (30) days after the end of every calendar quarter thereafter until entry of a Final Decree, unless
13 otherwise ordered by the Bankruptcy Court.

14 6.15 Final Decree. After the Plan is substantially consummated, the Reorganized Debtor
15 will file an application for a Final Decree, and will serve the application as provided in the
16 Local Rules.

17 VII

18 Appointment of Liquidating Agent

19 7.1 In General The Liquidating Agent shall be appointed by the Court on ex parte
20 application of a party in interest, as provided in Article V or Article X, for the purpose of
21 implementing and administering the Plan. The Liquidating Agent shall manage the assets
22 formerly held by the Estate, the Debtor, and the Reorganized Debtor (the "Property") until the
23 Property is sold, distributed, or otherwise utilized pursuant to the provisions of the Plan, and the
24 Liquidating Agent shall use his best efforts to liquidate the Property and consummate the Plan
25 as quickly as possible. Should the Liquidating Agent have funds from a sale or refinancing of
26 the Property sufficient to pay Creditors in full, the Liquidating Agent may, in his discretion, do
27 so, notwithstanding any provision of this Plan providing for periodic payments. The
28 Liquidating Agent shall serve under bond in the amount of \$50,000.00, which amount may,

1 upon property motion, be increased or decreased by the Court depending upon the amount of
2 property and/or Monies accumulated. Upon appointment of the Liquidating Agent, the
3 Reorganized Debtor shall have no further rights, duties, and powers to manage the Property or
4 implement this Plan, except as specifically authorized by the Liquidating Agent.

5 7.2 Identity of Liquidating Agent Timothy W. Hoffman shall be appointed the initial
6 Liquidating Agent. The Liquidating Agent may employ any professional he deems fit to assist
7 him in the implementation of the Plan, and compensate such professional in the ordinary course
8 of business without further Order of the Court.

9 7.3 Property Rights of The Liquidating Agent. Confirmation of the Plan shall constitute
10 sufficient evidence of the Liquidating Agent's authority to convey, transfer, or otherwise
11 dispose of, Property of the Estate, the Debtor, and the Reorganized Debtor including without
12 limitation the compromise or settlement of any contingent claim or litigated dispute, without
13 further order of the Court. However, should the Liquidating Agent deem it to be necessary or
14 appropriate to seek an order of the Court to convey marketable title or otherwise fulfill his duties
15 under this Plan, the Liquidating Agent may do so.

16 7.4 Duties and Powers of Liquidating Agent. Except as specifically set forth herein, the
17 Liquidating Agent shall have all of the rights, duties and powers of a Trustee appointed under
18 Section 1104 of the Bankruptcy Code and all of the rights, duties and powers of the Debtor and
19 the Reorganized Debtor under Section 1107 of the Bankruptcy Code and this Plan. In
20 connection with the administration of the Estate, the disposition of Claims, and the disbursement
21 of Plan Funds to Creditors, the Liquidating Agent shall:

22 (A) Do and perform any acts authorized by the Code, any applicable statutory or
23 common law, or by the Court to realize, (by sale, sue, transfer, assignment, conveyance, lease or
24 otherwise) to the greatest extent possible, the fair value of the Property, to cause the Plan Funds
25 to be distributed as herein provided, and to conserve and protect the Property;

26 (B) Perform any and all necessary and proper acts to realize or implement the provisions
27 of the Plan;

28

1 (C) Except as specifically set forth in this Plan, (i) review the Claims scheduled by the
2 Debtor or filed in this Reorganization Case which are payable and which have not already been
3 allowed or approved by final Order of the Court to determine the extent, if any, to which each
4 such Claim shall be an Administrative Claims or any allowed Claims as the case may be, (ii)
5 contest or seek estimation or subordination of all or any part of any Claim and (iii) compromise
6 or abandon any such contest when it reasonably appears that to do so would be in the best
7 interest of the Creditors;

8 (D) Collect and reduce to money by use, sale or lease, all Property that is not
9 abandoned;

10 (E) Pay, without further authorization of the Court, any and all costs, expenses, and
11 obligations that are reasonable, necessary and proper for the efficient and prompt realization of
12 the provisions of the Plan, or in any manner connected, incidental or related thereto, including,
13 but not limited to:

14 (i) The expenses of any sale, including the reasonable and necessary costs and expenses
15 of preserving or disposing of Property that is the subject of any sale;

16 (ii) Any income or other tax imposed by the United States, or by any state or political
17 subdivision thereof;

18 (iii) Any fees incurred by professional persons employed by the Liquidating Agent,
19 which costs, expenses, and obligations shall be a charge against the Plan funds;

20 (F) Deposit all Plan Funds awaiting distribution pursuant to the Plan in interest-bearing
21 accounts, which may be invested and reinvested by the Liquidating Agent consistent with
22 Section 345 of the Bankruptcy Code;

23 (G) Keep or cause to be kept records containing a description of all Property, and an
24 accounting of all receipts and disbursements of Plan Funds, which records and accounting shall
25 be open to inspection at reasonable times upon written notice, and comply with post
26 confirmation reporting requirements to the Office of the U.S. Trustee and pay all post
27 confirmation U.S. Trustee's Fees as required by law;

28

1 (H) Pursue any and all causes of action that are reasonably likely to yield funds to the
2 Estate;

3 (I) Maintain a contingency reserve fund to discharge actual costs and anticipated costs
4 incurred in implementing the Plan and administering the Estate; and

5 (J) Reserve from distributions to creditors such sums as may be necessary to cover
6 claims of creditors which are disputed, contingent, or unliquidated.

7 7.5 Compensation of Liquidating Agent and Professionals. The Liquidating Agent
8 shall be entitled to be compensated from the Plan funds at his normal hourly rate. In addition to
9 compensation for his services, the Liquidating Agent shall be entitled to reimbursement for all
10 out of pocket expenses incurred in the performance of his duties and shall be authorized to pay
11 such expense out of the Plan funds. The Liquidating Agent may further retain whatever
12 professionals and agents he deems appropriate to assist him in the performance of his duties. All
13 compensation to the Liquidating Agent and his professionals and agents may be paid without
14 further Order of Court.

15 7.6 Successor Liquidating Agent. In the event of the death, resignation or removal of
16 the Liquidating Agent, a successor Liquidating Agent shall be appointed by the Court and such
17 successor Liquidating Agent shall be appointed by the Court on application by any party in
18 interest, and such successor Liquidating Agent shall be vested with all the rights, privileges,
19 powers, and duties of his predecessor. The Liquidating Agent may resign at any time by giving
20 written notice to the Court of his intention to do so, and such resignation shall be effective upon
21 the date provided in an order authorizing his resignation entered by the Court, whereupon such
22 resigning Liquidating Agent shall be deemed divested of all of his powers hereunder. The
23 successor Liquidating Agent shall thereupon be vested with all of the rights, privileges, powers,
24 and duties of the predecessor Liquidating Agent. The Court shall specifically retain jurisdiction
25 over these matters.

26 7.7 Removal of Liquidating Agent. The Liquidating Agent may be removed for cause,
27 whereupon the Court, after notice and hearing, shall appoint a successor Liquidating Agent,
28

1 who, upon the filing of the requisite bond, shall be vested with all of the rights, privileges,
2 powers, and duties of the removed Liquidating Agent.

3 7.8 Limitation on Liquidating Agent's Liability. The Liquidating Agent shall not be
4 liable for any act he may do or omit to do as Liquidating Agent hereunder or acting in good faith
5 in the exercise of this best judgment, nor shall the Liquidating Agent be liable in any event
6 except for his own gross negligence or willful default or misconduct. The Liquidating Agent
7 shall not be liable for non-receipt of notice and correspondence by Creditors due to a change in
8 address from the most recent listing of Creditors' addresses. In the event that any claimant or his
9 or her authorized representative has moved with no forwarding address or is otherwise unable to
10 reach, the Liquidating Agent shall hold the distribution due such claimant for a period of six
11 months. At the expiration of this six-month period, the funds otherwise due this creditor shall
12 be distributed to other creditors pursuant to their distribution rights under the Plan.

13 VIII

14 Executory Contracts and Unexpired Leases

15 Debtor assumes the following executory contracts without modification: Calipaso, Silver
16 Oak, Ferrari Carrano, Wattle Creek, Bogle Winery, St. Francis Winery, Reynoso Family
17 Vineyards. Any executory contracts of the Debtor, which have not specifically been accepted,
18 shall be deemed rejected as of the Effective Date.

19 IX

20 Proofs of Claim and Interest

21 9.1 Time for Filing Proofs of Claim. Proofs of Claim, when required, shall be filed with
22 the Bankruptcy Court no later than the applicable Claims Bar Date, or such Claims shall be
23 conclusively deemed barred and disallowed.

24 9.2 Evidence of Claim. For purposes of any Distribution under the Plan, the Disbursing
25 Agent shall have no obligation to recognize any transfer of Claims or Interests occurring on or
26 after the first Distribution Date. The Reorganized Debtor, the Disbursing Agent, and their
27 professionals shall be entitled to recognize and deal for all purposes with only those Creditors
28 and Equity Security Holds of record with the Bankruptcy Court as of the first Distribution Date.

1 XII

2 Retention of Jurisdiction

3 12.1 The Bankruptcy Court shall retain jurisdiction of the Bankruptcy Case (a) to
4 enforce the provisions, purposes, and intent of the Plan, including matters or proceedings that
5 relate to the Purchase Transaction; (b) to determine the allowance or disallowance of Claims and
6 Interests, (c) to hear and determine proceedings initiated before or after the Confirmation Date
7 and the Effective Date regarding the prosecution of the Retained Claims or any other rights,
8 Claims, causes of action or claims for relief held the Reorganized Debtor against any party,
9 including the recovery of property and subordination Claims and Interests, (d) to fix and
10 approve allowance of compensation and other Administrative Claims, including, if appropriate,
11 payments to be made in connection with the Plan, (e) to adjudicate controversies arising from
12 the terms of the Plan, (f) to hear and determine any proposed modifications of or amendments to
13 the Plan, (g) to enforce or interpret the provisions of the Plan, the Order of Confirmation or any
14 order entered by the Bankruptcy Court in the Bankruptcy Case, (h) to facilitate the
15 consummation of the Plan, (i) to consider such other matters as may be set forth in the Plan or
16 the Order of Confirmation, (j) to hear and determine any Claim of any Persons of any nature
17 whatsoever against the Debtor's professionals arising in or related to the Case, and (k) the enter
18 a Final Decree closing the Bankruptcy Case. If closed, the Bankruptcy case may be reopened at
19 any time to facilitate the provisions of the Plan.

20 XIII

21 Effect of Order of Confirmation

22 13.1 As of the Confirmation Date, the effect of the Order of Confirmation shall be as
23 provided in Section 1141 of the Bankruptcy Code, an as follows:

24 (A) Binding Effect of the Plan. The provisions of the confirmed Plan shall bind the
25 Debtor, the Reorganized Debtor, any entity acquiring property under or otherwise accepting the
26 benefits of the Plan, and every Creditor and Equity Security Holder, whether or not such
27 Creditor or Equity Security Holder has filed a proof of Claim or Interest in the Bankruptcy Case,
28 whether or not the Claim or Interest of such Creditor or Equity Security Holder is impaired

1 under the Plan, and whether or not such Creditor or Equity Security Holder has accepted or
2 rejected the Plan.

3 (B) Grant of Discharge. In accordance with Section 1141(d)(1), upon confirmation of
4 the Plan, Debtor will receive a discharge of all pre-confirmation debts, whether or not the
5 creditor files a proof of claim, accepts the Plan or has its claim allowed, except as provided in
6 Section 1141 of the Bankruptcy Code. Such discharge will not discharge Debtor from any debts
7 that are non-dischargeable under Section 523 of the Bankruptcy Code.

8 (C) Effect of Discharge. The discharge release provided for under this Plan shall have
9 the effects set forth in the Bankruptcy Code including, but not limited to:

10 (i) voiding any judgment obtained against the Debtor on any discharged Claim; and,

11 (ii) Operating as an injunction against the commencement or continuation of any action
12 to collect, recover, or offset either any discharged debt from the Debtor, the Reorganized
13 Debtor, the Liquidating Agent, or the Estate or any property of the Debtor, the Reorganized
14 Debtor, the Liquidating Agent, or the Estate, except as otherwise permitted by this Plan, the
15 Bankruptcy Code, or order of the Court.

16 (D) Full Satisfaction of Claims. Except as otherwise provided in the Plan and the Order
17 of Confirmation, the rights afforded in the Plan shall constitute full and complete satisfaction
18 and release of all Claims, including any interest accrued thereon from and after the Petition
19 Date, against the Debtor, the Reorganized Debtor, the Estate, or any assets or property of the
20 Debtor, the Reorganized Debtor and the Estate; provided however, that nothing in the Plan shall
21 purport to release any guarantor or other third party jointly and severally liable with the Debtor
22 as to an Allowed Claim. Except with respect to Administrative Claims, Rejection Claims, and
23 Claims described in Bankruptcy Rule 3002(c)(3), the Confirmation Order shall be deemed to be
24 a Final Order disallowing any claim not filed as of the Effective Date.

25 (E) Reservation of Powers. Nothing in the Plan shall be deemed to have constituted a
26 waiver of the any powers held by the Debtor as Debtor-in possession under the Bankruptcy
27 Code, the Bankruptcy Rules or the Local Rules. The Reorganized Debtor shall retain all powers
28 granted by the Bankruptcy Code, the Bankruptcy Rules and the Local Rules to a trustee or

1 debtor-in-possession, including those with respect to recovery of property and objections to
2 and/or subordination of, Claims and Interests.

3 XIV

4 Miscellaneous

5 14.1 Plan Interpretation. The headings contained in the Plan are for the convenience of
6 reference only and shall not limit or otherwise affect in any way the meaning or interpretation of
7 the Plan. All references in the Plan to the singular shall be construed to include references to the
8 plural and vice versa. All references in the Plan to any one of the masculine, feminine or neuter
9 genders shall be deemed to include references to both other such genders. All exhibits attached
10 to the Plan are, by this reference, hereby incorporated into the Plan. All references in the Plan to
11 an Article shall mean the appropriately numbered Article of the Plan. Whenever the Plan uses
12 the term “including,” such reference shall be deemed to mean “including, but not limited to.”

13 14.2 Modification. Debtor may propose amendments to or modifications of the Plan
14 under Section 1127(a) of the Bankruptcy Code and Bankruptcy Rules 3019 at any time prior to
15 the conclusion of the hearing on Confirmation of the Plan. After the Confirmation Date, the
16 Debtor may modify the Plan with the prior written consent of the Class 2 and Class 3 Claimants
17 in accordance with Section 1127(b) of the Bankruptcy Code and Bankruptcy Rule 3019.

18 14.3 Waiver. After the Confirmation Date, except as otherwise specifically set forth in
19 the Plan, any term of the Plan may be waived only by the party or parties entitled to the benefit
20 of the term to be waived.

21 14.4 Reservation of Rights. Neither the filing of the Plan nor any statement or provision
22 contained in the Plan or in the Disclosure Statement, nor the taking by any party in interest or
23 any action with respect to the Plan, shall (a) be or be deemed to be an admission against interest,
24 and (b) until the Effective Date, be or be deemed to be a waiver of any rights any party in
25 interest may have (i) against any other party, or (ii) in any of the assets of any other party in
26 interest, and, until the Effective Date, all such rights are specifically reserved. In the event that
27 the Plan is not confirmed or fails to become effective, neither the Plan nor the Disclosure
28 Statement nor any statement contained in the Plan or in the Disclosure Statement may be used or

1 relied upon in any manner in any suit, action, proceeding or controversy within or without this
2 Bankruptcy Case involving the Debtor, except with respect to Confirmation of the Plan.

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Dated: December 17, 2013

/s/ Michael C. Fallon

Michael C. Fallon
Attorney for Debtor

Dated: December 17, 2013

Reynoso Vineyards, Inc.
an Illinois corporation

/s/ Joseph Reynoso

By Joseph Reynoso
Its President