Mark J. Giunta (#015079)
Liz Nguyen (#030282)
Law Office of Mark J. Giunta
245 W. Roosevelt Street, Suite A
Phoenix, AZ 85003
Phone (602) 307-0837
Fax (602) 307-0838
Email markgiunta@giuntalaw.com
Email liz@giuntalaw.com

Attorneys for Debtor Gillette Investments, LLC

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re: GILLETTE INVESTMENTS, LLC, Debtor.	Chapter 11 Proceeding Case No. 2:14-bk-14411-BKM

DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF REORGANIZATION

DATED DECEMBER 29, 2016

Table of Contents

ARTICLE I – Deadline for Receipt of Ballots 4

ARTICLE II – Deadline for Filing Proofs of Claim Arising from Rejection of Unexpired Leases and Executory Contracts 4

ARTICLE III – Date and Time of Hearing on Confirmation of the Plan 5

ARTICLE IV – Introduction to the Disclosure Statement 5

ARTICLE V – Disclaimers and Warnings 6

ARTICLE VI - Voting 9

A. Entities Entiled to Vote and Admonition to Vote if Eligible. 9

B. Voting Instructions. 11

C. The Results of Balloting on the plan are Determined by Class 12

D. Confirmation Based Upon Acceptance of the Plan by All Impaired Classes 12

E. Confirmation Over the Rejection of One or More Impaired Class. 12

F. Consequences If the Plan is Not Confirmed 13

ARTICLE VII – Description of the Debtor and Its Operations 14

A. History and Background 14

B. Principal Equity Holders 15

C. Aseets Owned and Present Status and Developments of the Debtor. 15

D. Events Leading to Filing of Chapter 11 Petition 16

E. Additional Post-Petition Developments and Operations 17

ARTICLE VIII – Summary of Plan 19

A. Objective of the Reorganization 20

B. Management of the Reorganized Debtor Pending Confirmation 20

C. Post-Confirmation Business Operations 20

D. Acceptance and Rejection of Executory Contracts 20

E. Plan Definitions, Classification, Impairment, Voting and Treatment of Claims, Implementation, and Miscellaneous 21

ARTICLE I

DEADLINE FOR RECEIPT OF BALLOTS

INSTRUCTIONS AND EXPLANATIONS CONCERNING VOTING ON THE PLAN ARE SET FORTH IN SUBSEQUENT SECTIONS OF THIS DISCLOSURE STATEMENT. PLEASE REVIEW THOSE SECTIONS CAREFULLY AND NOTE THAT ALL BALLOTS MUST BE RECEIVED BY THE DEADLINE SET FORTH IN ACCOMPANYING ORDER APPROVING THIS DISCLOSURE STATEMENT, OR THEY MAY NOT BE COUNTED. AS DELAYS IN THE DELIVERY OF MAIL CAN OCCUR, THE PLAN PROPONENTS URGE YOU TO MAIL OR DELIVER YOUR BALLOTS AS DIRECTED WELL IN ADVANCE OF THE DEADLINE.

VOTING ON THE PLAN WILL AFFECT YOUR RIGHTS AND THE EXPENSES INCURRED TO ADMINISTER THIS CASE. IN PARTICULAR, THE DEBTOR MAY BE ABLE TO REDUCE THE ADDITIONAL ATTORNEYS' FEES AND COSTS IT MIGHT HAVE TO INCUR TO OBTAIN CONFIRMATION OF ITS PLAN IF THE PLAN IS ACCEPTED BY ALL CLASSES OF CLAIMS AND INTERESTS CREATED BY THE PLAN. THE DEBTORS REQUEST, THEREFORE, THAT YOU VOTE IF YOU ARE ENTITLED TO DO SO AND THAT YOU **TAKE STEPS TO ENSURE THAT YOUR BALLOT IS RECEIVED IN TIME TO BE COUNTED**.

ARTICLE II

DEADLINE FOR FILING PROOFS OF CLAIMS ARISING FROM REJECTION OF UNEXPIRED LEASES AND EXECUTORY CONTRACTS

The Plan provides for the rejection, as permitted by section 365 of the Bankruptcy Code, of certain unexpired leases and contracts which the debtor, Gillette Investments, LLC, (hereinafter known as the "Debtor"), has identified as "executory contracts." Those leases and

contracts are identified in this Disclosure Statement, which also sets a deadline for filing proofs of all claims which might arise as the result of the rejection.

If you have a contract with the Debtor, review the identified provision of this Disclosure Statement and **timely file your proof of any claim to which you may be entitled with the Clerk of the Bankruptcy Court at the following address or your claim will likely be forever barred**:

Clerk, U.S. Bankruptcy Court
230 North First Avenue, Suite 101
Phoenix, Arizona 85003-1706

ARTICLE III

DATE AND TIME OF HEARING ON CONFIRMATION OF THE PLAN

A copy of the Plan is attached as **Exhibit "1"** to this Disclosure Statement. A hearing on confirmation of the Plan will be held before the Honorable Brenda K. Martin, United States Bankruptcy Judge, commencing at a time and place set forth in the accompanying Order approving this Disclosure Statement. The hearing may be continued from time to time without further written notice.

ARTICLE IV

INTRODUCTION TO THE DISCLOSURE STATEMENT

Unless otherwise defined in the Appendix attached to the Plan, the terms used in this Disclosure Statement have the same meanings as those terms have in the Bankruptcy Code, 11 U.S.C. §§ 101, et seq. (the "Code"), or as those terms have in the Federal Rules of Bankruptcy Procedure, promulgated pursuant to 28 U.S.C. § 2075 or in the Plan.

This Disclosure Statement is being submitted by the Debtor Gillette Investments, LLC. The Debtor has promulgated this Disclosure Statement in accordance with section 1125 of the

Code for the purpose of soliciting acceptances of the Plan from holders of impaired claims and equity interests. This Disclosure Statement has been compiled to incorporate "adequate information" to enable creditors to make an informed judgment as to whether they should vote to accept or reject the Plan.

The Bankruptcy Court will have approved this Disclosure Statement on the date of the accompanying Order as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of each of the classes of claims and interests being solicited to make an informed judgment whether to vote to accept or reject the Plan.

ARTICLE V

DISCLAIMERS AND WARNINGS

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A CERTIFICATION THAT THE FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS ACCURATE NOR AN ENDORSEMENT OF THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PROMULGATED BY THE PROPONENTS IN AN EFFORT TO SOLICIT CREDITORS AND EQUITY INTEREST HOLDERS TO VOTE TO ACCEPT THE PLAN. THE SOLICITATION IS A SOLICITATION BY THE PROPONENTS ONLY. IT IS NOT A SOLICITATION BY THE ATTORNEYS OR ACCOUNTANTS, AND THE REPRESENTATIONS MADE HEREIN ARE THOSE OF THE PROPONENTS AND NOT OF THE DEBTOR'S ATTORNEYS OR ACCOUNTANTS.

THIS DISCLOSURE STATEMENT IS NOT THE PLAN (SEE SUMMARY OF THE PLAN HEREIN). THIS DISCLOSURE STATEMENT AND THE COMPLETE COPY OF THE PLAN, WHICH IS ATTACHED, SHOULD BOTH BE READ IN THEIR ENTIRETY. FOR THE CONVENIENCE OF CREDITORS AND EQUITY INTEREST HOLDERS, THE

PLAN IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT THE PLAN ITSELF AND NOT THE PLAN SUMMARY IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE TWO.

CERTAIN MATERIALS CONTAINED IN THIS DISCLOSURE STATEMENT ARE TAKEN DIRECTLY FROM OTHER, READILY ACCESSIBLE DOCUMENTS OR ARE DIGESTS OF DOCUMENTS. WHILE EFFORTS HAVE BEEN MADE TO CONVEY ACCURATELY THE CONTENTS OF SUCH DOCUMENTS, YOU ARE URGED TO EXAMINE THE DOCUMENTS THEMSELVES AND TO USE THE DESCRIPTIONS OF DOCUMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ONLY AFTER HAVING CONDUCTED SUCH AN EXAMINATION.

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTOR, INCLUDING, WITHOUT LIMITATION, ITS FUTURE BUSINESS OPERATIONS, THE VALUE OF ITS PROPERTY, OR THE VALUE OF SECURITIES TO BE ISSUED PURSUANT TO THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. IN ARRIVING AT YOUR DECISION TO ACCEPT OR REJECT THE PLAN, YOU SHOULD NOT RELY UPON ANY REPRESENTATIONS OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT. SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE PROPONENT WHO, IN TURN, SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

EFFORTS HAVE BEEN MADE TO PREPARE ALL UNAUDITED FINANCIAL STATEMENTS WHICH MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT IN

ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS. HOWEVER, AS TO ALL FINANCIAL STATEMENTS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE ACCURACY OF THE INFORMATION CONTAINED IN THOSE STATEMENTS TO BE WITHOUT ERROR.

THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECTED TO AN EXAMINATION BY INDEPENDENT, CERTIFIED PUBLIC ACCOUNTANTS. THE REPRESENTATIVE OF THE DEBTOR, ROBERT MORALES, IS THE SOURCE OF ALL FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS KEPT RECORDS SUBSEQUENT TO THE FILING OF THE PETITION COMMENCING THIS CASE AND THE DEBTOR HAS FILED MONTHLY FINANCIAL REPORT WITH THE COURT.

THE LIQUIDATION ANALYSIS CONTAINED IN THIS DISCLOSURE STATEMENT ATTACHED AS **EXHIBIT "2"** WAS NEITHER COMPILED BY INDEPENDENT, CERTIFIED PUBLIC ACCOUNTANTS NOR SUBJECTED TO AN AUDIT OR EXAMINATION BY INDEPENDENT, CERTIFIED PUBLIC ACCOUNTANTS. THE LIQUIDATION ANALYSIS AND THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED WITH INFORMATION PROVIDED BY ROBERT MORALES.

ANY SECURITIES OF THE REORGANIZED DEBTOR AND THE OPERATING SUBSIDIARIES TO BE ISSUED PURSUANT TO THE PLAN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION NOR WITH ANY GOVERNMENTAL AGENCY UNDER THE LAWS OF ANY STATE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE'S GOVERNMENTAL AGENCY HAS APPROVED OR DISAPPROVED SUCH SECURITIES OR PASSED UPON

THE ADEQUACY OR ACCURACY OF THE FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

IF YOU ARE ENTITLED TO VOTE ON THE PLAN, YOU SHOULD DO SO. UNDER THE BANKRUPTCY CODE, DETERMINING THE OUTCOME OF BALLOTING ON THE PLAN REQUIRES A CALCULATION WHICH CONSIDERS THE VOTES OF THOSE CREDITORS AND EQUITY INTEREST HOLDERS WHO ACTUALLY VOTED ON THE PLAN. YOUR RIGHTS MAY BE AFFECTED EVEN IF YOU DO NOT VOTE ON THE PLAN. YOUR OPPORTUNITY TO HAVE THE OUTCOME YOU DESIRE WILL LIKELY BE ENHANCED IF YOU VOTE.

NOTHING IN THIS DISCLOSURE STATEMENT OR THE PLAN LIMITS THE DEBTOR'S RIGHTS TO OBJECT TO ANY PROOFS OF CLAIMS OR INTERESTS FILED IN THIS CASE.

BECAUSE THE PROPONENTS DO NOT EXPRESS ANY OPINION AS TO THE TAX CONSEQUENCES OF THE PLAN, IN NO EVENT WILL THE DEBTOR, OR ITS PROFESSIONAL ADVISORS THEY HAVE ENGAGED, BE LIABLE IF, FOR ANY REASON, THE TAX CONSEQUENCES OF THE PLAN ARE NOT AS ANTICIPATED BY CREDITORS AND EQUITY INTEREST HOLDERS. CREDITORS AND EQUITY INTEREST HOLDERS MUST LOOK SOLELY TO AND RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THE PLAN.

ARTICLE VI

VOTING

A. ENTITIES ENTITLED TO VOTE AND ADMONITION TO VOTE IF ELIGIBLE.

Only creditors and equity interest holders whose claims and interests have been both **allowed** for purposes of voting and **impaired** by the Plan are entitled to vote on the Plan.

For a claim to be allowed for voting purposes, the claim must be listed in the Debtor's Chapter 11 schedules **and** must **not** be listed as "disputed", "contingent" or "unliquidated". If a claim is listed but shown as "disputed", "contingent" or "unliquidated", the holder of the claim will not be entitled to vote absent the timely filing of a proof of claim.

If a claim is not listed or is listed as "disputed," "contingent," or "unliquidated," the holder of the claim must file a proof of claim on or before the bar date set by the Court (or the Debtor must file a proof of claim for that creditor as permitted by the Federal Rules of Bankruptcy Procedure) for that creditor to be entitled to vote. Moreover, no holder of a claim will be entitled to vote if any party in interest objects to that claim before balloting on the Plan or any Amended Plan occurs, unless the Bankruptcy Court enters a specific order allowing the claim for voting purposes.

For an equity interest to be allowed, the equity interest holder's asserted interest must appear in the Debtor's schedules or the holder of the equity interest must file a proof of interest before the bar date set by the Court (or the Debtor must do so for the interest holder as permitted by the Federal Rules of Bankruptcy Procedure), and the equity interest holder must be a record holder of the Debtor's securities on the date of the order approving this Disclosure Statement is entered on the Court's docket. In addition, no entity claiming to hold an equity interest may vote if any party in interest has objected to the allowance of the asserted interest prior to voting on the Plan or any Amended Plan, unless the Bankruptcy Court enters an order allowing the interest for voting purposes.

In addition to the foregoing criteria for voting eligibility, only creditors and equity interest holders whose claims or interests are "impaired" by the Plan (i.e., those whose claims or interests are altered or who will not receive the allowed amount of their claims in cash pursuant to the original terms of their agreements) are entitled to vote to accept or reject the Plan. Holders

of claims or interests which are not "impaired" are deemed to have accepted the Plan as a matter of law.

If the claim or interest you hold has been classified in one of the impaired classes of claims or interests created by the Plan (see Exhibit "1"), it is important that you vote. In addition, if you hold more than one claim or interest classified as "impaired" under the Plan, it is important that you vote with respect to **each** such claim or interest. **IF YOU FAIL TO VOTE, YOUR RIGHTS MAY BE JEOPARDIZED**.

B. VOTING INSTRUCTIONS.

After carefully reviewing this Disclosure Statement and its exhibits, vote to accept or reject the Plan on the enclosed ballot (or ballots) and mail or deliver it (or them) to the addresses identified below so that your ballot (or ballots) are **received by the bar date specified**.

All ballots must be signed and received prior to the deadline set forth by the Court in the accompanying Order approving this Disclosure Statement. Mail or deliver all ballots to the Debtor's attorney at the following address:

Mark J. Giunta, Esq.
Law Office of Mark J. Giunta
245 West Roosevelt Street, Suite A
Phoenix, AZ 85003
FAX: (602) 307-0838
Email: markgiunta@giuntalaw.com

AS MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT THE BALLOT OR BALLOTS BE MAILED OR DELIVERED **WELL IN ADVANCE** OF THE BAR DATE SPECIFIED. BALLOTS RECEIVED AFTER THIS DATE MAY NOT BE COUNTED. IF A VOTING CREDITOR HAS ANY QUESTIONS PLEASE CALL DEBTOR'S COUNSEL'S OFFICE AT (602) 307-0837.

Each creditor entitled to vote is to receive a ballot for each separately classified, impaired claim held. Each equity interest holder entitled to vote is also to receive a ballot.

If you do not receive the required number of ballots, with your copy of the Court-approved disclosure statement, notify the proponents attorneys immediately at the address noted above. **IT IS IMPORTANT FOR YOU TO CAST ALL BALLOTS WHICH YOU ARE ENTITLED TO VOTE.**

C. THE RESULTS OF BALLOTING ON THE PLAN ARE DETERMINED BY CLASS.

In general, a class of claims accepts the Plan if the creditors who vote to accept the Plan hold at least two-thirds (2/3) in dollar amount and constitute more than one-half (1/2) in number of the allowed claims in the class **actually voting** on the Plan. In general, a class of equity interests accepts the Plan if it is accepted by those who hold at least two-thirds (2/3) of the allowed interests in the class **actually voting** on the Plan.

D. CONFIRMATION BASED UPON ACCEPTANCE OF THE PLAN BY ALL IMPAIRED CLASSES.

If each class of impaired claims and interests accept the Plan and the Plan is confirmed, the Plan will bind all holders of claims and interests, including those who did not vote and those who voted to reject the Plan.

THE PROPONENT RECOMMENDS THAT ALL THOSE ENTITLED TO VOTE CAST THEIR BALLOTS TO ACCEPT THE PLAN.

The Plan may also be confirmed if all impaired classes do not accept it, so long as the Plan is accepted by at least one class of impaired claims. Confirmation over the rejection of one or more classes of claims or interests is called "cramdown."

E. CONFIRMATION OVER THE REJECTION OF ONE OR MORE IMPAIRED CLASS.

If the Plan is rejected by one or more impaired classes of claims or interests, the Plan or modification thereof may still be confirmed by the Court at the request of the Proponent(s). To

grant such a request, the Court must find, among other things, that the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to each rejecting, impaired class of claims or interests.

The phrases "discriminate unfairly" and "fair and equitable" are defined by section 1129 of the Bankruptcy Code and the case law interpreting that statute. In other words, those phrases are "terms of art" denoting specific statutory criteria for confirmation which the Plan must satisfy to be confirmed by the Bankruptcy Court if any impaired class of claims or equity interests rejects the Plan.

The Plan does satisfy the statutory criteria required by section 1129 of the Bankruptcy Code, and the Proponents intend to request confirmation of the Plan in the event it is rejected by any impaired class.

F. CONSEQUENCES IF THE PLAN IS NOT CONFIRMED.

If the Plan, or any modification thereof, is not accepted by one or more impaired classes of claims or interests or is not confirmed by the Court for other reasons, the case will likely be converted to a Chapter 7 proceeding and the estate liquidated by a Chapter 7 Trustee. The conversion would result in grounds for the immediate relief from the automatic stay in favor of the lienholders and the foreclosure of assets, and the incurring of Chapter 7 administrative costs, precluding any distribution to unsecured creditors by a Chapter 7 Trustee. *See* Exhibit 2, Liquidation Analysis. The Debtor believes that the result in a Chapter 7 would bring the unsecured creditors a recovery of $0 which would be substantially less than what they would receive under the Plan proposed by the Debtor. *Id.*

//

//

ARTICLE VII

DESCRIPTION OF THE DEBTOR AND ITS OPERATIONS

A. HISTORY AND BACKGROUND.

Gillette Investments, LLC (hereinafter "Gillette" and/or the "Debtor") is an Arizona limited liability corporation formed in 2010 by its sole member, The Robert Morales Living Trust, and managed by Robert Morales ("Morales"). Debtor owns and operates 82 acres of land contiguous in part with the Agua Fria River located in Gillette, Arizona ("Property").

Debtor purchased the Property on or about February 24, 2010 with the prospect of holding the Property until it was time to mine and profit from the natural minerals and resources of the land. Morales provided $100,000 to Debtor for the purchase of the Property, which was then repaid to Morales in two $50,000 payments via a Chicago Title Agency escrow account. The seller, Agua Fria, LLC ("Agua Fria"), financed the purchase of the Property received a promissory note (the "Note") of $299,000.00 from the Debtor and the Note was secured by a Deed of Trust and recorded on March 17, 2010.

On or about March 2, 2012 and March 7, 2012, Debtor transferred the mineral and water rights ("Mineral Rights") to Andrew Morales (brother to Morales) ("Andrew"). This transfer was intended to better allow the Debtor to exploit the Property for multiple uses, particularly to allow for mining to occur on one portion of the Property, while still having the ability to lease the other portions to surface users such as ranchers. Morales consulted a mineral rights attorney, Scott Donaldson, who reviewed the Agua Fria Deed of Trust and drafted the documents used to convey the Mineral Rights to Andrew. At the time the transfer of Mineral Rights was made, Gillette was current on its payments to Agua Fria and remained current for another 17 months.

On or about August 1, 2012, Morales listed the Property for sale with Leslie Butters and Russ Lyon Sotheby's Holdings, LLC (collectively known herein as "Mr. Butters"), by signing a Listing Contract on behalf of Gillette. On August 30, 2012, Gillette entered into a purchase contract ("Purchase Contract") with Planet Ocean Exploration ("POE") to sell the Property for $9 million, and per an addendum to the Purchase Contract, the close of escrow was originally

set to occur on or before November 7, 2012 (which was subsequently extended to February 24, 2014). Mr. Butters served as a "dual agent" for Gillette and POE.

Debtor serviced the Note until August 2013, when it ran out of money to pay its mortgage, and Agua Fria commenced foreclosure proceedings. The combination of the lack of income produced by the Property, inability to close the sale with POE, and the pending foreclosure sale by Agua Fria, forced Gillette to file bankruptcy on August 29, 2013 (Case No. 2:13-bk-15091-EPB). The bankruptcy court dismissed the case on November 4, 2013 by request of the Debtor.

Gillette's involvement with Mr. Butters continued to Gillette's detriment both impairing its ability to generate income to service the secured debt and ultimately led to Mr. Butters on March 3, 2014 suing Gillette for what Mr. Butters asserts is an equitable interest in the Debtor's Property in Yavapai Superior Court, captioned *Butters v. Morales, et al.*, Case No. CV2014-00254 ("State Court Action"). Mr. Butters also recorded a lis pendens. The dispute between the Debtor and Mr. Butters is now pending in the form of an adversary proceeding before this Court, Adv. No. 2:15-ap-00116-BKM ("Adversary Proceeding").

Due to the cost of litigation that arose in the State Court Action and competing claims from Mr. Butters interfering with Property's ability to generate income, Gillette was unable to make any further payments to Agua Fria. Agua Fria commenced another trustee's sale in May 2014. Gillette filed for relief under Chapter 11 on September 19, 2014, commencing this current bankruptcy proceeding.

B. PRINCIPAL EQUITY HOLDERS.

The Robert Morales Living Trust is the sole equity holder of Gillette.

C. ASSETS OWNED AND PRESENT STATUS AND DEVELOPMENTS OF THE DEBTOR.

The Debtor's primary asset is the Property which consists of 82 acres of land contiguous in part with the Agua Fria River located in Gillette, Arizona ("Property"). The Property is owned in fee simple with all rights, title, and interest in all minerals, including all gold, placer

and hard rock, lode and nonmetalliferous minerals of any nature whatsoever, including coal, oil and gas and associated hydrocarbons, mineral materials and sand and gravel, together with the right to prospect for, mine and remove the same and the use of so much of the surface and also water rights.[1]

On December 27, 2016, Debtor entered an Agreement of Purchase and Sale of the Property with HD Hannah Development, LLC ("Buyer"). The Contract calls for Buyer to purchase the Property at $4,000,000, with $1,500,000 payable in cash at closing and $2,500,000 will be in a seller carry. The Contract provides for a 90 day feasibility period and then a 30 day closing date thereafter. The Contract provides for a $50,000 escrow deposit within 20 days after the open of escrow. Debtor filed a motion to approve the sale on December 28, 2016, and an expedited hearing on the same is set for January 19, 2017.

Debtor also has a breach of fiduciary duty claim against its former real estate broker and would be purchaser, Mr. Butters, and his employer, Russ Lyon Sotheby's Holdings, LLC.

D. EVENTS LEADING TO FILING OF CHAPTER 11 PETITION.

Debtor serviced the Note until 2013 when it became embroiled in a dispute over the ownership of the Property with its real estate broker, Mr. Butters, which ultimately became the State Court Action. The litigation costs, and impairment of the Property arising from Mr. Butters' claim, caused Debtor, which is reliant on its principal for funding, to ultimately be unable to timely service the payments on the Note. Agua Fria commenced foreclosure proceedings causing Debtor to file this particular Chapter 11 bankruptcy case on September 19, 2014.

//

//

//

//

[1] On or about January 21, 2015, the Mineral Rights were conveyed back to Gillette via a deed in trust.

E. ADDITIONAL POST-PETITION DEVELOPMENTS AND OPERATIONS.

1. Post-petition Activity of the Debtor.

On September 22, 2014, three days after Debtor filed bankruptcy, Mr. Butters commenced an involuntary case against the Debtor under chapter 7 of the Bankruptcy Code in this Court, Case No. 3:14-bk-14493-DPC (the "Involuntary Bankruptcy"). In response, Mr. Butters, Agua Fria and Debtor entered into a stipulation confirming the effectiveness of the automatic stay and dismissing the Involuntary Bankruptcy.

Debtor filed a Notice of Removal regarding the State Court Action on February 13, 2015 (Dkt. 43). The State Court Action was removed from state court, and an adversary proceeding was filed in this Court on February 13, 2015 (Adversary Proceeding No. 2:15-ap-00116-BKM) ("Butters Adversary").

A second adversary proceeding was filed by Agua Fria on February 26, 2015 (Adversary Proceeding No. 2:15-ap-00143-BKM) ("Agua Fria Adversary"). Underlying issues raised in the Adversary Proceeding were resolved with the conveyance of the Mineral Rights back to Debtor on January 21, 2015. The Agua Fria Adversary was dismissed on October 22, 2015 for failure to file a motion to retain jurisdiction or request a status hearing as required by order of the court (Agua Fria Adversary Dkt. 7).

Debtor filed an application to employ a real estate broker to sell the Property (Dkt. 27) that was subsequently granted by this Court on November 24, 2015 and the Property was listed. (Dkt. 29).

Debtor filed an application to employ special counsel to handle the litigation involving Mr. Butters, et al., (Dkt. 40) that was subsequently granted by this Court on December 11, 2015 (Dkt. 43).

Debtor filed a response to Agua Fria's *Motion for Determination that Debtor Constitutes a Single Asset Real Estate Entity* on August 30, 2016 (Dkt. 116). Agua Fria and Debtor stipulated to the determination that Debtor is a single asset real estate entity (SARE) pursuant to 11 U.S.C. § 101(51B), and this Court signed the Order on December 7, 2016 (Dkt. 138). Debtor tendered its first SARE payment to Agua Fria on December 9, 2016.

Debtor filed a response to Agua Fria's *Motion for Stay Relief* on November 10, 2016 (Dkt. 132).

Debtor filed a *Motion to Approve Sale of Real Property Free and Clear of All Liens and Encumbrances and Application to Approve and Pay Broker's Commission* on December 28, 2016 (Dkt. 144). An expedited hearing on the motion is set for January 19, 2017.

Debtor filed the disclosure statement and plan on this date.

2. <u>Post-petition Retention of Professionals Other Than Management</u>.

<u>Employment of Counsel</u>.

The Neeley Law Firm P.C. and Kenneth Neeley were approved as counsel for Debtor on October 3, 2014 (Dkt 28). His representation concluded when this Court Ordered Substitution of Counsel on December 21, 2015.

<u>Substitution of Counsel.</u>

On December 21, 2015, Mark J. Giunta was approved as counsel for Debtor (Dkt. 81).

<u>Employment of Special Counsel.</u>

On December 29, 2015, Tiffany & Bosco, P.A. was approved as special counsel for Debtor (Dkt. 89).

<u>Employment of Real Estate Broker.</u>

On April 5, 2016, Platinum Realty Network and Pete Baldwin were approved to serve as real estate broker for Debtor (Dkt. 99).

3. Appointment of Creditors Committee.

None as of the date of this Plan.

4. Plans of Reorganization.

No other Plans have been filed in this matter except for the present one.

5. Stay Actions.

Agua Fria moved for stay relief on the Property on October 27, 2016 (Dkt. 125). Debtor filed a response to the stay relief motion on November 10, 2016 (Dkt. 132). Leslie and Lynn Butters also filed an objection to the stay relief motion (Dkt. 131). Agua Fria filed a reply to each of the responses (Dkt. 139, 140). The Court directed that Debtor file an additional Response regarding new stay relief issues first raised in Agua Fria's Reply and a trial has been set in the matter for February 7, 2017.

6. Exclusivity.

Debtor is not within the period of exclusivity.

7. Cash Collateral.

No motions for cash collateral have been filed at this time.

ARTICLE VIII

SUMMARY OF THE PLAN

This part of the Disclosure Statement summarizes the provisions of the Plan. The Plan, after it has been confirmed, will constitute a contract between Debtor and its creditors and stockholders. This Disclosure Statement does not constitute such a contract. Therefore, if any discrepancies exist between the Plan and the following summary of the Plan, the Plan will control. Therefore, it is advisable, as mentioned above, to review the Plan carefully for the full details of the treatment of Creditors and Equity Interest Holders.

Robert Morales is the sole source of the financial information contained in the Disclosure Statement and Plan. No third party has audited or prepared the same.

CREDITORS AND EQUITY INTEREST HOLDERS ARE URGED TO READ THE PLAN IN FULL. CREDITORS AND EQUITY INTEREST HOLDERS ARE FURTHER URGED TO CONSULT WITH THEIR COUNSEL TO OBTAIN A COMPLETE UNDERSTANDING OF THE PLAN.

A. OBJECTIVE OF THE REORGANIZATION.

The objective of the Plan is to reorganize Debtor as a going concern, restructure and service the secured debt and pay non-priority unsecured claims more than what they would receive in a Chapter 7 liquidation through the sale of its primary asset, the Property.

B. MANAGEMENT OF THE REORGANIZED DEBTOR PENDING CONFIRMATION.

1. Management

Robert Morales, who is the acting manager of Debtor, will continue to manage Debtor's affairs after the confirmation of the Plan not included in the authority and duties of the Disbursing Agent.

2. Compensation of the Management

Mr. Morales will not receive compensation momentarily from the Debtor in his capacity as manager.

C. POST-CONFIRMATION BUSINESS OPERATIONS.

Debtor shall continue to maintain and manage its land and meet its other obligations under the Plan.

D. ACCEPTANCE AND REJECTION OF EXECUTORY CONTRACTS.

Debtor has no executory contracts.

Pursuant to 11 U.S.C. § 365, Debtor has rejected or hereby rejects pursuant to the Plan all other executory contracts not set forth in the preceding paragraph whether enumerated herein or not.

Any person or entity injured by such rejection shall be deemed to hold an unsecured claim against Debtor to the extent allowed, and, **within ten (10) days before the initial hearing on confirmation of the Plan, must file a proof of claim for any damages resulting therefrom or be forever barred from asserting any claim.**

Debtor reserves the right to apply to the Bankruptcy Court at any time prior to confirmation of the Plan to reject any and all other contracts which are executory.

E. PLAN DEFINITIONS, CLASSIFICATION, IMPAIRMENT, VOTING AND TREATMENT OF CLAIMS, IMPLEMENTATION, AND MISCELLANEOUS.

DEFINITIONS

1.01 Defined Terms. The capitalized terms used in this Plan shall have the meanings as set forth in **Appendix A** attached hereto.

1.02 Undefined Terms. Terms and phrases, whether capitalized or not, that are used and not defined in Appendix "A" attached hereto, but are defined by the Bankruptcy Code, have the meanings ascribed to them in the Bankruptcy Code.

1.03 Interpretation. The headings in this Plan are for convenience and reference only and shall not limit or otherwise affect the provisions hereof. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender.

CLASSIFICATION OF CLAIMS AND INTERESTS

2.01 General. For the purposes of organization only with respect to administrative expenses and for purposes of organization, voting and all Confirmation matters with respect to all

Claims of Creditors of the Debtor, this Plan classifies Claims in separate and distinct Classes as follows:

2.02 Class 1: Administrative Expenses. Class 1 shall consist of the costs and expenses of administration as defined in section 503 of the Bankruptcy Code for which application or allowance is made, or a Claim is filed, as the same are allowed, approved, and ordered paid by the Court. Administrative Expenses shall consist of: (1) all Claims arising under section 330 of the Bankruptcy Code, including reasonable compensation for actual and necessary services rendered by a professional person (including attorneys) and by any paraprofessional persons employed by such, based on, among other things, the nature, extent and value of such services, the time spent on such services, and the cost of comparable services other than in a case under Title 11; (2) the costs and expenses of the administration of this proceeding, including, but not limited to, any Bankruptcy Court Clerk fees or Court Reporter's fees which have not been paid, the cost of reproduction and mailing of this Plan and the Disclosure Statement; (3) any post-petition operating expenses of the Debtor which are due and unpaid at Confirmation; and (4) the actual and necessary costs of preserving the Estate.

As of November 19, 2015, the amount owed to Debtor's former counsel, Neeley Law Firm, PLC, is $7,029.48 (Dkt. 75).

As of November 30, 2016, the amount owed to Debtor's counsel, Mark J. Giunta, is approximately $9,525.13.

Debtor shall also owe a real estate sales broker five percent (5%) of the sale price of the Property upon closing and payment of said sale price.

Class 1 also expressly includes any outstanding pre-confirmation quarterly fee payments owed by the Debtor to the United States Trustee.

Class 1 also expressly includes any outstanding pre-confirmation quarterly fee payments owed by the Debtor to the United States Trustee.

2.03 Class 2: Priority Claims. Class 2 consists of all Allowed obligations, including tax obligations, of Debtor which are entitled to priority under section 507(a)(8) of the Bankruptcy Code.

The Internal Revenue Service has one priority claim in the aggregate amount of $100.00 for the 2014 tax year.

2.04 Class 3A: Secured Claim of Yavapai County. Class 3A consists of the Allowed Secured Claim of Yavapai County of an approximate principal amount of $0.00 secured by a statutory lien in first position on Debtor's real property, 80 acres located in Yavapai County ("Property").

2.05 Class 3B: Claim of Agua Fria, LLC. Class 3B consists of the Allowed Secured Claim of Agua Fria, LLC. ("Agua Fria"), of an approximate principal amount of $299,000 secured by a lien in second position on Debtor's real property, 80 acres located in Yavapai County ("Property").

2.06 Class 4: Claim of Leslie and Lynn Butters. Class 4 consists of the Allowed Claim(s) of Leslie and Lynn Butters ("Butters") seeking specific performance of a contract ("Contract") for, and quiet title of, the Property and related damages all associated with a breach of contract claim set forth in Proof of Claim No. 1. Butters' Claim(s) are disputed by Debtor and currently being litigated before this Court in adversary proceeding 2:15-ap-00116-BKM ("Adversary Proceeding"). The potential allowance of the Butters' Claim(s) would only occur upon further order of this Court.

2.07 Class 5: Claims of General Unsecured Creditors. Class 5 consists of the Allowed Non-Priority Unsecured Claims which Debtor estimates to be no more than

approximately $10,667.50. Class 5 expressly does not include any claims of Leslie and Lynn Butters who are separately classed in Class 4 in Section 2.06 above.

2.08 Class 6: Equity Security Holders of Gillette Investments, LLC. Class 6 consists of the interests of Equity Security Holders of Gillette Investments, LLC, which consists of a sole member, The Robert Morales Living Trust (100%).

2.09 Elimination of Classes. Any Class that is not occupied as of the date of the hearing on confirmation of this Plan by an Allowed Claim or a Claim temporarily allowed pursuant to Rule 3019 of the Bankruptcy Rules shall be deemed deleted from this Plan for purposes of voting on acceptance or rejection of this Plan and for the purpose of determining whether this Plan has been accepted by such Class pursuant to section 1129 of the Bankruptcy Code.

IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS

3.01 Impaired Classes of Claims. Classes 3A and 3B are impaired under this Plan. Administrative Expenses (Class 1) and Priority Tax Claims (Class 2) are treated in accordance with section 1129(a)(9) of the Bankruptcy Code unless otherwise agreed to by the claimant. All other classes are unimpaired.

3.02 Impairment Controversies. If a controversy arises as to whether any Claim or any class of Claims is impaired under this Plan, such class shall be treated as specified in this Plan unless the Bankruptcy Court shall determine such controversy upon motion of the party challenging the characterization of a particular Class or Claim under this Plan.

ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS

4.01 Classes Entitled to Vote. Each impaired Class of Claims shall be entitled to vote separately to accept or reject this Plan. Any unimpaired Class of Claims shall not be entitled to vote to accept or reject this Plan.

4.02 Creditors Not Entitled to Vote. Only Creditors holding Claims that are not contested may vote for the Plan unless authorized by the Court to do so after motion and court order entered prior to the Confirmation hearing unless Debtor stipulates to allow a Creditor temporary voting privileges.

4.03 Class Acceptance Requirement. A Class of Claims shall have accepted this Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims of such class that have voted on this Plan.

4.04 One Vote Per Holder. If a holder of a Claim holds more than one Claim in any one class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting on this Plan.

4.05 Cramdown. Notwithstanding the rejection or deemed rejection of this Plan by any class of Claims, Debtor shall request that the Bankruptcy Court confirm this Plan in accordance with section 1129(b) of the Bankruptcy Code.

TREATMENT OF ADMINISTRATIVE EXPENSES AND CLASSES NOT IMPAIRED UNDER THE PLAN

5.01 Class 1: Administrative Expenses. The allowed amount of Administrative Expenses shall be paid:

(A) On the later of: (1) the Effective Date; or (2) ten days after an Order approving the Administrative Expenses is entered if the Claim is one of a professional person

employed under sections 327 or 1103 of the Bankruptcy Code or otherwise employed by the Bankruptcy; or (3) for all other Administrative Expenses, twenty days after the Claim becomes an Allowed Claim; or

(B) Through such other treatment as may be agreed in writing by such holder of an Administrative Expense or as expressly set forth herein; provided, however, an Allowed Administrative Expense representing a liability incurred in the ordinary course of business shall be paid by Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreements relating thereto.

(C) Notwithstanding the foregoing, any Allowed Administrative Expense Claim not already paid prior to the time of the sale of the Property, shall be paid from the proceeds of the sale of Property prior to all other claimants except for Class 3A, Secured Claim of Yavapai County, and Class 3B, Secured Claim of Agua Fria, LLC.

5.02 **Class 2: Priority Claims.** Class 2 claims, to the extent any exist, shall be paid the full amount of its Allowed Secured Claim upon the sale of the Property or within a year of the Effective Date whichever occurs first.

TREATMENT OF CLASSES IMPAIRED UNDER THE PLAN

6.01 **Class 3A: Secured Claim of Yavapai County.** The Allowed amount of the Secured Claim of Yavapai County classified above in Section 2.04, if any, shall be paid full, including accrued interest at the statutory rate prescribed by Arizona law, upon the sale of the Property or within a year of the Effective Date whichever occurs first.

Yavapai County shall retain its statutory lien on the Property to the extent of its Allowed Secured Claim, with the same validity, perfection and priority it had on the Petition Date.

6.02 Class 3B: Secured Claim of Agua Fria, LLC. The Allowed amount of the Secured Claim of Agua Fria, classified above in Section 2.05, shall be paid the full amount of its Allowed Secured Claim upon the sale of the Property or within a year of the Effective Date whichever occurs first.

Prior to the payment in full of the Secured Claim of Agua Fria, Agua Fria shall continue to receive the same monthly SARE payments it had been receiving prior to confirmation of the Plan.

Agua Fria shall retain its lien and security interest in the Property with the same validity, perfection and priority it had on the Petition Date.

Any and all pending deed of trust sales, or any other foreclosure actions, by Agua Fria regarding the Property shall be deemed vacated or cancelled, and any default by Debtor shall be deemed cured as of the Petition Date.

6.03 Class 4: Claim of Leslie and Lynn Butters. If deemed Allowed by order of this Court, the Claim of Butters, classified above in Section 2.06, will be satisfied through the specific enforcement of the Contract and quieting of title per an order of this Court in the Adversary Proceeding.

Also, in the event that Butters becomes the owner of the Property by order of this Court, in addition to whatever obligations Butters would then have to Gillette or others under the Contract or related order and/or judgment of this Court, Butters would also be required to satisfy the Plan treatment obligations as to Classes 1, 2, 3(A), 3(B) and 5 that had not already been previously satisfied, by causing them to be paid in full either (1) upon sale of the Property from the proceeds of the sale, or (2) within one year of the Effective Date. Additionally, satisfaction of the Plan Treatment obligation of Class 3(B) would also include going forward making the same monthly

SARE payments to Agua Fria had been previously made by the Debtor until the Allowed Secured Claim of Aqua Fria is paid in full.

Prior to this Court ruling on the Allowance of Butters' claim, and upon the Effective Date, any lis pendens filed by Butters regarding the Property shall be affirmatively withdrawn by Butters with an appropriate recording such that Debtor's ability to sell the Property is not in any way impaired. As set forth in Section 7.01(f) below, any post-confirmation sale of the Property by Debtor or Butters shall be completed with a companion motion for approval to this Court to ensure the terms of this Plan are implemented and the rights of the parties in the pending Adversary Proceeding are protected. Neither Butters (in the event that Butters becomes the owner of the Property), or the Debtor, shall oppose, obstruct, or interfere with any sale of the Property that is consistent with the terms of this Plan.

6.04 Class 5: Claims of General Unsecured Creditors. The Allowed Claims of the General Unsecured Creditors shall be treated as follows:

Allowed General Unsecured Creditors shall be paid the full amount of their Allowed Unsecured Claims upon the sale of the Property or within a year of the Effective Date, whichever occurs first.

6.05 Class 6: Interests of Equity Security Holders. The Allowed Equity Security Interest of the Equity Security Holder in Gillette Investments, LLC, The Robert Morales Living Trust, shall be retained and continue in Gillette Investments, LLC Reorganized Debtor.

IMPLEMENTATION OF THE PLAN

7.01 Type of Plan and Procedure To Implement The Plan. On the date of Plan Confirmation, or prior to where applicable, the following events shall occur:

The Debtor shall:

a. Determine the amounts of all allowed Class claims.

b. Execute any documents necessary to implement Plan.

c. Debtor shall file with the Court post-confirmation quarterly reports, and provide a copy of the same to the United States Trustee, as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case. Debtor shall pay any post-confirmation quarterly fees as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case.

d. Appoint a Disbursing Agent.

e. Debtor shall continue to prosecute to closure any pending sale of the Property, or if no such sale closes, timely pursue and close other sales.

f. Any sale of the Property shall be done with a companion motion for approval to this Court to ensure the terms of this Plan are implemented and the rights of the parties in the pending Adversary Proceeding are protected.

g. Neither Butters (in the event that Butters becomes the owner of the Property), or shall the Debtor, shall oppose, obstruct, or interfere with any sale of the Property that is consistent with the terms of this Plan.

7.02 <u>The Reorganized Debtor Shall Serve As The Disbursing Agent.</u> Debtor shall become the Disbursing Agent on the day after the Effective Date to serve as Disbursing Agent for all payments to be made to the Classes under the Plan.

a. Duties of the Disbursing Agent. The Disbursing Agent shall receive, disburse and account to the Court, the Creditors, Equity Security Holders and other parties in interest for the assets, and shall be responsible for reviewing and approving all claims (all disputes to be resolved by the Court), keep adequate records of all transactions, receipts and disbursements, communicating with, and advising all Creditors, Debtor and other parties in interest as needed, and such other duties as may be consistent with the responsibilities of a Disbursing Agent.

The Disbursing Agent shall also have the right to object to the allowance of any Claim on behalf of Debtor. These actions may necessitate use of legal services and incurring legal expenses.

The Disbursing Agent on behalf of the Reorganized Debtor shall file with the Court post-confirmation quarterly reports, and provide a copy of the same to the United States Trustee, as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case. The Disbursing Agent on behalf of the Reorganized Debtor shall pay any post-confirmation quarterly fees as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case. The Disbursing Agent shall acknowledge and assume these duties, and all other obligations of Disbursing Agent set forth herein, by its execution of an acceptance on the notice of the appointment of the Disbursing Agent to be filed with Court pursuant to Section 7.02 of the Plan.

b. Termination of Disbursing Agent's Duties: The final distribution of the remaining pre-petition assets of the Reorganized Debtor pursuant to the terms of the Plan set forth herein shall discharge the Disbursing Agent.

c. Compensation of Disbursing Agent. The Disbursing Agent shall not receive any compensation other than the reimbursement of any actual out of pocket costs incurred

by the Disbursing Agent in performing the duties authorized by this Plan which may include legal fees and expenses.

7.03 Effectuating Documents. On or before the Effective Date, the Reorganized Debtor shall file with the Bankruptcy Court such agreements, indentures, instruments and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

7.04 Property Vests In The Reorganized Debtor. All Property, assets and rights of the estate of Debtor shall vest in the Reorganized Debtor, free and clear of all liens, Claims and encumbrances of any kind whatsoever unless expressly provided for under this Plan. The Reorganized Debtor shall be able to manage their affairs, subject only to the limitations set forth in this Plan, without the requirement of further orders from the Bankruptcy Court.

7.05 Minimum Distributions. The distributions to holders of Claims pursuant to the Plan are minimum distributions only, and the Reorganized Debtor shall have the right and discretion, at all times, to make full or partial prepayments without penalty to holders of Claims.

7.06 Unclaimed Monies. All distribution of money under the Plan which are returned by the Post Office undelivered or which cannot be delivered due to lack of a current address will be retained by the Disbursing Agent, in trust, in a federally insured bank for the distributee; after the expiration of six months from the date of the first attempted distribution, the unclaimed monies, stock, and all future distributions will be redistributed pro rata to the other distributees, free of any Claim by the distributee.

7.07 Void Nature Of Any Post-Petition Trustee's Sales Or Foreclosures. Any trustee's sales or other forms of foreclosure of Debtor's real property undertaken after the Petition Date in violation of the 11 U.S.C. § 362 are hereby deemed void. Any Creditor, Creditor's affiliate

or agent, or other party, who purported to undertake such a trustee's sale or foreclosure of Debtor's real property shall use best efforts to correct and document the void nature of their act(s) and document and correct any public record of such a void trustee's sale or foreclosure. The remedy for enforcing this provision expressly includes, but is not exhausted by, that of specific performance and injunction without the need for a bond by Debtor.

7.08 Binding To Debtor And Creditors. Upon the entry of the Confirmation Order, this Plan shall bind Debtor now known as the Reorganized Debtor, Equity Security Holders of Debtor, any entity acquiring or being distributed any property under this Plan, any Creditor, whether or not their Claims and interests are impaired under this Plan and whether or not they have accepted this Plan.

CONDITIONS OF CONFIRMATION

8.01 Conditions To Confirmation Of The Plan. It shall be a condition precedent to the Confirmation of this Plan that the Final Order provide for:

(a) Confirmation of this Plan;

(b) To supplement the injunctive provisions of § 524 of the Bankruptcy Code, except as provided in this Plan or the Confirmation Order, as of the Confirmation Date, all persons or entities and governmental units shall be stayed, restrained and enjoined from taking any of the following actions on account of any such discharge Claims, debts or liabilities: (i) commencing or continuing in any manner any action or other proceeding against the Reorganized Debtor, or its property; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting or recovering in any manner any judgment, award, decree or order against the Reorganized Debtor, or its property; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance against the Reorganized Debtor, or any of its property, or any

direct or indirect transferee of any property of, or any direct or indirect successor in interest to, or any property of such transferee or successor; (iv) setting-off, seeking reimbursement of, contribution from, subrogation against or otherwise recouping in any manner directly or indirectly, any amount owed to the Reorganized Debtor, or any direct or indirect transferee of any property of, or any successor in interest to the Reorganized Debtor, commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan.

Pursuant to the Plan, none of Debtor, the Plan Sponsors, Official Committees, or any of their respective present or former partners, members, officers, directors, employees, advisors, attorneys or agents (collective, the "Released Parties") shall have or incur any liability to any holder of a Claim or an 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 Chapter 11 case, any settlement related to the Chapter 11 case, the negotiation and execution of a proposed Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Estate or of the Plan, issuance and distribution of any securities issued or to be issued pursuant to the Plan, or the property to be distributed under the Plan, except only to the extent that liability is based on willful misconduct. The Released Parties shall be entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities under the Plan, or in the context of the Bankruptcy Case; and,

(c) Acceptance or rejection of this Plan was solicited in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and no Person conducting or participating in solicitation, including Debtor, shall be liable, on account of such solicitation or

participation, for violation of any applicable law, rule, or regulation government solicitation of acceptance or rejection of a plan of reorganization.

GENERAL PROCEDURES FOR OBJECTING TO CLAIMS AND RESOLVING AND TREATING CONTESTED AND CONTINGENT CLAIMS

9.01 Claim Objection Deadline. Unless another date for any particular Claim or Claims is established by the Bankruptcy Court or this Plan, all objections to Claims shall be filed with the Clerk of the Bankruptcy Court and served on the holders of such Claims (unless earlier filed) by the later of 90 days after the Effective Date or the date that is ninety (90) days after a particular proof of Claim (or a request for payment in the case of Administrative Claim) has been filed. If an objection has not been filed to a Claim by the deadlines established herein, the Claim shall be treated as an Allowed Claim; provided, however, that no objection shall be required if a Claim was not listed on the Schedules or was listed on the Schedules as disputed, contingent or unliquidated, or was not evidenced by a timely filed proof of Claim. No such unlisted, disputed, contingent, unliquidated or unfiled Claim shall be treated as an Allowed Claim, except pursuant to a Final Order so providing. The objection deadlines established herein shall not apply to Claims and causes of action that must be asserted through an adversary proceeding.

9.02 Preservation Of Objections To Claims. Except as otherwise provided in this Plan or in the Confirmation Order or other Final Order, no compromise, waiver or release of Claims, demands or causes of action, that may be provided for in this Plan or in any Final Order of the Court shall, in any way, limit or impair the right of the Reorganized Debtor to prosecute objections to Claims, and the Reorganized Debtor hereby retain all objections to the allowability of a Claim and all defenses associated with such objections.

9.03 No Distributions Pending Resolution Of Objections. Notwithstanding any other provision of this Plan, no distributions shall be made with respect to a contested Claim (or any

contested portion of a Claim, if such Claim is not severable) by the Reorganized Debtor unless and until all objections to such contested Claim have been determined by Final Order.

9.04 Interest On Contested Claims And Contingent Claims. No interest shall accrue on a contested Claim during the period from the Effective Date until the date on which the Claim is allowed, if ever, and no interest shall accrue on a contingent Claim during the period from the Effective Date until the date on which the Claim becomes fixed and absolute or is otherwise allowed, if ever; provided that a contested Claim or a contingent Claim that is specifically entitled to post-confirmation interest by the terms of this Plan, and that is ultimately allowed, shall accrue post-confirmation interest from the Effective Date.

9.05 Treatment Of Contingent Claims. Until such time as a contingent Claim or a contingent portion of an Allowed Claim becomes fixed and absolute or is disallowed, such Claim shall be treated as a contested Claim for all purposes related to the distributions under this Plan; provided, however, that the distribution entitlements shall arise only from the date on which a contingent Claim becomes fixed and absolute or is otherwise allowed.

9.06 Disallowance Of Post-Petition Additions. The Reorganized Debtor shall not be required to make specific objection to proofs of Claim that allege a right to recover post-petition interest, penalties, fees, and other accruals with respect to pre-petition Claims (except Secured Claims entitled to such accruals pursuant to section 506(b) of the Bankruptcy Code), and any Claim amounts attributable to such post-petition interest, penalties, fees and other accruals shall be disallowed in full upon entry of the Confirmation Order.

9.07 Settlement And Resolution Of Disputed and Undisputed Claims. The Reorganized Debtor shall be authorized to settle or resolve, without Court approval, any disputed or

undisputed Claims with a settlement payment amount that does not exceed five thousand dollars ($5,000).

9.08 Preservation Of Debtor's Claims, Demands And Causes Of Action. All claims, demands and causes of action held by, through or on behalf of the Debtor, against any other person or entity, are hereby preserved in full, unless otherwise provided by this Plan; and no provision of this Plan shall impair the rights of the Reorganized Debtor with respect to any of such claims, demands and causes of action to prosecute and defend against any such preserved claims, demands and causes of action.

GENERAL PROVISIONS

10.01 Post-Confirmation Operating Of The Automatic Stay. Any lawsuits pending in any court (other than the Bankruptcy Court) that seek to establish Debtor's liability on pre-petition Claims and that are stayed pursuant to section 362 of the Bankruptcy Code, shall be dismissed as of the Effective Date unless the Reorganized Debtor elects to have its liability determined by such other courts. Any pending motions to lift or vacate the automatic stay shall be deemed denied as of the Effective Date and the stay shall remain in effect. Any such pre-petition Claims shall be determined as provided in this Plan.

10.02 Prohibition against Discriminating Treatment against the Reorganized Debtor. No individual, entity or government may discriminate against the Reorganized Debtor solely because of the commencement, continuation or termination of this Chapter 11 proceeding, or because of any provision of this Plan, or the legal effect of this Plan, and the Confirmation Order shall constitute an express injunction against such discriminating treatment.

10.03 Compliance With Tax Requirements. In connection with this Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities.

10.04 Insurance. The Reorganized Debtor shall use its best efforts to maintain insurance on any non-exempt pre-petition property they retain pending completion of distributions to Creditors.

10.05 Termination Of Adequate Protection Payments. Upon the entry of a Confirmation Order by the Court, any and all payments to Secured Creditors for adequate protection shall be terminated.

10.06 No Additional Charges. Except as expressly stated in this Plan, or as allowed by Court order, no interest, penalty, late charge or additional charges (such as attorneys' fees) shall be allowed on any Claim subsequent to the Filing Date.

10.07 Deficiency Claims. Unsecured Creditors whose Claims arise out of a deficiency resulting from the abandonment of Collateral to a previously Secured Creditor or resulting from orders granting relief from the provisions of section 362 of the Bankruptcy Code, must file their Claims within thirty (30) days after Confirmation of this Plan unless the Court enters an Order making an 11 U.S.C. § 506 determination of secured status as to the subject Unsecured Creditor prior to Conformation in which case said Unsecured Creditor must filed its Claim within thirty (30) days after the entry of said Order.

10.08 Barring Of Claims. The entry of the Confirmation Order shall permanently bar the filing and asserting of any Claims against Debtor which arose or relate to the period of time prior to the Confirmation Date, which were listed by Debtor in its Schedules and Statement Of Financial

Affairs (as amended) filed with the Court or were not evidenced by timely and proper proofs of Claim filed with the Court.

10.09 Amount Of Claims. All references to Claims and amount of the Claims refer to the amount of the Claims as allowed by the Court. Debtor reserves the right, both before and within sixty days after the Effective Date, to object to Claims so as to have the Court determine the amount allowed to be paid under this Plan.

10.10 Remedies To Cure Defects. After Confirmation, the Reorganized Debtor may, with the approval of the Court, and so long as it does not materially and/or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any inconsistencies in this Plan, or in the Confirmation of this Plan, in such a manner as may be necessary to carry out the purposes and the intent of this Plan.

10.11 Retention Of Jurisdiction. After the Effective Date, the Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 cases for the following purpose:

(a) To determine any and all objections to the allowance of Claims;

(b) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or this Plan;

(c) To determine any applications for the rejection or assumption of executory contracts or unexpired leases or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which Debtor is a party or with respect to which Debtor may be liable, and to hear and determine, and if need be, to liquidate any and all Claims arising therefrom;

(d) To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date;

(e) To consider any modifications of this Plan, remedy and defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;

(f) To determine any and all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of this Plan or any person's or entity's obligations thereunder;

(g) To determine all controversies, suits and disputes arising as a result of a demand by any utility for a deposit or other form of security as a condition to providing post-confirmation utility services to Debtor;

(h) To determine all controversies, suits and disputes of this Plan as a result of discriminatory treatment of Debtor;

(i) To hear and determine any Claim or cause of action by or against Debtor, and to consider and act on the compromise and settlement of any Claim or cause of action by or against Debtor;

(j) To issue such orders in aid of execution of this Plan, as are authorized by section 1142 of the Bankruptcy Code; and

(k) To determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with this Plan or the Confirmation Order.

10.12 Modification Of Plan. Modifications of this Plan may be proposed in writing by Debtor at any time before Confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and Debtor shall have complied

with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after Confirmation and before its substantial consummation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and hearing, confirms this Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

10.13 Severability. Wherever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Plan shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Plan. Furthermore, if the Bankruptcy Court will not confirm this Plan because one or more provisions hereof are determined to be prohibited or invalid under applicable law, Debtor may seek permission of the Bankruptcy Court to amend this Plan by deleting the offending provision.

10.14 Revocation Of Plan. Debtor reserves the right to revoke and/or withdraw this Plan prior to entry of the Confirmation Order. If Debtor revokes and/or withdraws this Plan, or if Confirmation of this Plan does not occur, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Debtor or any other person or entity or to prejudice in any manner the rights of Debtor or any person or entity in any further proceeding involving Debtor.

DISCHARGE OF DEBTOR

11.01 Discharge Of The Debtor. Except as otherwise provided in this Plan or in the Confirmation Order, the rights afforded under this Plan and the treatment of Claims under this Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims including any interest or Claims from the petition date. Confirmation of this Plan shall discharge Debtor from all Claims or other debts, liabilities or obligations of any kind or nature, that arose, in whole or part, before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a proof of Claim based on such debt is timely filed or deemed filed pursuant to section 501 of the Bankruptcy Code, a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code, or the holder of a Claim based on such debt has accepted this Plan.

11.02 Effect Of Discharge On Other Entities. Pursuant to section 524(e) of the Bankruptcy Code, except as otherwise provided in this Plan, the discharge of a debt of Debtor, pursuant to this Plan, shall not affect the liability of any other entity on, or the Property of any other entity for, such debt.

11.03 Modification Of Plan Due To Default. If any Creditor holding an Allowed Claim seeks such an Order, Debtor may seek modification of the Plan prior to entry of the Order based upon good cause for the default and reasonableness of the modification.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

12.01 Description of Executory Contracts. Debtor has no executory contracts in the capacity as a lessor or lessee or otherwise.

12.02 Rejected If Not Assumed. All contracts and leases of Debtor that constitute executory contracts or unexpired leases as of the date of filing the Chapter 11 petition for relief shall be rejected as of the Effective Date, except for the leases set forth or described in section 12.01.

12.03 Disputes As To Executory/Unexpired Status. Notwithstanding section 12.02 above, if on the Effective Date there is a pending dispute as to whether a contract is executory or a lease is unexpired, Debtor's right to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired.

12.04 Expired Contracts Or Leases. Any contract or lease that expired pursuant to its terms prior to the Effective Date, and that has not been assumed or rejected by Final Order prior to the Effective Date, is hereby specifically rejected.

12.05 Bar To Rejection Damages. If the rejection or an executory contract or unexpired lease results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of Claim, shall be forever barred and shall not be enforceable unless a proof of Claim is filed with the Bankruptcy Court and served upon Debtor as follows: (a) if the Claim arises from the rejection of an executory contract or unexpired lease by operation of any provision of this Plan, thirty (30) days after the date of service of notice of the Effective Date; (b) if the Claim arises from the rejection of an executory contract or unexpired lease pursuant to a Final Order of the Bankruptcy Court (other than the Confirmation Order) authorizing rejection of such contract or lease, thirty (30) days after service of notice of the entry of such Final Order; or (c) if the Claim arises from the rejection of an executory contract or unexpired lease that is rejected after withdrawal of the assumption thereof, thirty (30) days after service of notice of the assumption withdrawal. The foregoing applies only to Claims arising from the rejection of an

executory contract or unexpired lease; any other Claims held by a party to a rejected contract or lease shall have been evidenced by a proof of Claim filed by earlier applicable bar dates or shall be barred and unenforceable.

12.06 Cure Of Defaults Upon Assumption. Upon the assumption of any executory contract or unexpired lease (including an executory contract or unexpired lease deemed to be such by assumption herein) including, without limitation, defaults by the Debtor specified in section 365(b)(10) of the Bankruptcy Code and any defaults by Debtor specified in section 365(b)(2) of the Bankruptcy Code, shall be deemed cured except to the extent written demand for the cure of or demonstration of ability to cure any default has been filed with the Bankruptcy Court and served upon Debtor by the non-debtor party to such executory contract or unexpired lease within thirty (30) days after the date of service of notice of the Effective Date. In the absence of a timely demand in accordance with the foregoing, Debtor's obligation to cure or demonstrate the ability to cure shall be deemed waived, released and discharged. If any non-debtor party to such executory contract or unexpired lease timely serves and files such written demand, and Debtor files an objection in writing to such demand within thirty (30) days thereafter, the Bankruptcy Court shall, by the issuance of a Final Order, determine the amount actually due and owing in respect of such demand or shall approve the settlement of such demand. Debtor shall have thirty (30) days thereafter in which to effect such cure or withdraw ab initio their assumption of such executory contract or unexpired lease whereupon such executory contract or unexpired lease shall be deemed to have been rejected as of the date of the Chapter 11 petition for relief.

12.07 Treatment of Claims Arising From Assumption Or Rejection. All Allowed Claims arising from the assumption of an executory contract or unexpired lease shall be treated as a General Unsecured Claim unless otherwise ordered by Final Order of the Bankruptcy Court. No

such Claims are anticipated in this case. In the event no General Unsecured Class exists, but one is needed, Debtor will create one with a modification.

TAX CONSEQUENCES

The Proponent has not obtained a tax opinion at this time and therefore such party expresses no opinion as to the tax consequences of confirmation or implementation of the Plan to the holder of any claim or interest.

BECAUSE NO PROPONENT OF THE PLAN EXPRESSES ANY OPINION AS TO THE TAX CONSEQUENCES OF THE PLAN, IN NO EVENT WILL THE DEBTOR OR ITS PRINCIPALS OR ITS PROFESSIONAL ADVISORS, BE LIABLE IF, FOR ANY REASON, THE TAX CONSEQUENCES OF THE PLAN ARE NOT AS ANTICIPATED BY CREDITORS AND EQUITY INTEREST HOLDERS. THE DEBTOR'S CREDITORS AND EQUITY INTEREST HOLDERS MUST LOOK SOLELY TO AND RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THE PLAN.

PROPONENT'S RECOMMENDATION

The Debtor recommends that the creditors vote for the plan because they will receive a superior return to what they would receive in a liquidation and positive votes will enable the Debtor to obtain the confirmation of the plan as soon as possible which will result in the creditor's receiving a distribution sooner. For these and the other reasons noted herein, the Debtor urges you to vote to accept the Plan.

DATED this 29th day of December, 2016

LAW OFFICE OF MARK J. GIUNTA

By /s/ Mark J. Giunta SBN 015079
Mark J. Giunta, Esq.
Liz Nguyen, Esq.
Attorneys for Debtor

Approved by Debtor:

/s/ Robert Morales
Robert Morales, in his capacity as acting manager and authorized representative of Gillette Investment, LLC

A Copy of the foregoing was electronically filed
This 29th day of December, 2016 with the U.S. Bankruptcy Court.

COPY of the foregoing mailed (and/or served via
fax* or e-mail** if so marked) 29th day of December, 2016, to:

Anthony W. Austin
Fennemore Craig, P.C.
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016
aaustin@fclaw.com
Attorneys for Les and Lynn Butters

Constance E. Sutton
Law Offices of Constance Sutton PC
5025 North Central Avenue, #631
Phoenix, Arizona 85012
lawarizona@cox.net
Attorneys for Agua Fria, LLC

Michael A. Jones
Allen Maguire & Barnes, PLC
1850 North Central Avenue, Suite 1150
Phoenix, Arizona 85004
mjones@ambazlaw.com
Attorneys for Combs Law Group, P.C.

United States Trustee
230 North First Avenue, Suite 204
Phoenix, AZ 85003-1706

/s/ Logan Schutz

EXHIBIT 1

Mark J. Giunta (#015079)
Liz Nguyen (#030282)
Law Office of Mark J. Giunta
245 W. Roosevelt Street, Suite A
Phoenix, AZ 85003
Phone (602) 307-0837
Fax (602) 307-0838
Email markgiunta@giuntalaw.com
Email liz@giuntalaw.com

Attorneys for Debtor Gillette Investments, LLC

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re:	Chapter 11 Proceeding
GILLETTE INVESTMENTS, LLC,	Case No. 2:14-bk-14411-BKM
Debtor.	

PLAN OF REORGANIZATION DATED DECEMBER 29, 2016
PROPOSED BY THE DEBTOR

Table of Contents

ARTICLE I - Definitions 3

ARTICLE II – Classification of Claims and Interests 3

ARTICLE III – Identification of Impaired Classes of Claims and Equity Interests 6

ARTICLE IV – Acceptance or Rejection of Plan; Effect of Rejection by One or More Classes of Claims 6

ARTICLE VI – Treatment of Classes Impaired Under the Plan 7

ARTICLE VI – Implementation of Plan 10

ARTICLE VIII – Conditions of Confirmation 14

ARTICLE IX – General Procedures for Objecting to Claims and Resolving and Treating Contested and Contingent Claims 16

ARTICLE X – General Provisions 18

ARTICLE XI – Discharge of Debtor 23

ARTICLE XII – Treatment of Executory Contracts and Unexpired Leases 23

APPENDIX A 28

ARTICLE I

DEFINITIONS

1.01 Defined Terms. The capitalized terms used in this Plan shall have the meanings as set forth in **Appendix A** attached hereto.

1.02 Undefined Terms. Terms and phrases, whether capitalized or not, that are used and not defined in Appendix "A" attached hereto, but are defined by the Bankruptcy Code, have the meanings ascribed to them in the Bankruptcy Code.

1.03 Interpretation. The headings in this Plan are for convenience and reference only and shall not limit or otherwise affect the provisions hereof. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

2.01 General. For the purposes of organization only with respect to administrative expenses and for purposes of organization, voting and all Confirmation matters with respect to all Claims of Creditors of the Debtor, this Plan classifies Claims in separate and distinct Classes as follows:

2.02 Class 1: Administrative Expenses. Class 1 shall consist of the costs and expenses of administration as defined in section 503 of the Bankruptcy Code for which application or allowance is made, or a Claim is filed, as the same are allowed, approved, and ordered paid by the Court. Administrative Expenses shall consist of: (1) all Claims arising under section 330 of the Bankruptcy Code, including reasonable compensation for actual and necessary services rendered by a professional person (including attorneys) and by any paraprofessional persons employed by such,

based on, among other things, the nature, extent and value of such services, the time spent on such services, and the cost of comparable services other than in a case under Title 11; (2) the costs and expenses of the administration of this proceeding, including, but not limited to, any Bankruptcy Court Clerk fees or Court Reporter's fees which have not been paid, the cost of reproduction and mailing of this Plan and the Disclosure Statement; (3) any post-petition operating expenses of the Debtor which are due and unpaid at Confirmation; and (4) the actual and necessary costs of preserving the Estate.

As of November 19, 2015, the amount owed to Debtor's former counsel, Neeley Law Firm, PLC, is $7,029.48 (Dkt. 75).

As of November 30, 2016, the amount owed to Debtor's counsel, Mark J. Giunta, is approximately $9,525.13.

The Debtor shall also owe a real estate sales broker five percent (5%) of the sale price of the Property upon closing and payment of said sale price.

Class 1 also expressly includes any outstanding pre-confirmation quarterly fee payments owed by the Debtor to the United States Trustee.

2.03 Class 2: Priority Claims. Class 2 consists of all Allowed obligations, including tax obligations, of the Debtor which are entitled to priority under section 507(a)(8) of the Bankruptcy Code.

The Internal Revenue Service has one priority claim in the aggregate amount of $100.00 for the 2014 tax year.

2.04 Class 3A: Secured Claim of Yavapai County. Class 3A consists of the Allowed Secured Claim of Yavapai County of an approximate principal amount of $0.00 secured

by a statutory lien in first position on Debtor's real property, 80 acres located in Yavapai County ("Property").

2.05 Class 3B: Claim of Agua Fria, LLC. Class 3B consists of the Allowed Secured Claim of Agua Fria, LLC. ("Agua Fria"), of an approximate principal amount of $299,000 secured by a lien in second position on Debtor's real property, 80 acres located in Yavapai County ("Property").

2.06 Class 4: Claim of Leslie and Lynn Butters. Class 4 consists of the Allowed Claim(s) of Leslie and Lynn Butters ("Butters") seeking specific performance of a contract ("Contract") for, and quiet title of, the Property and related damages all associated with a breach of contract claim set forth in Proof of Claim No. 1. Butters' Claim(s) are disputed by Debtor and currently being litigated before this Court in adversary proceeding 2:15-ap-00116-BKM ("Adversary Proceeding"). The potential allowance of the Butters' Claim(s) would only occur upon further order of this Court.

2.07 Class 5: Claims of General Unsecured Creditors. Class 5 consists of the Allowed Non-Priority Unsecured Claims which Debtor estimates to be no more than approximately $10,667.50. Class 5 expressly does not include any claims of Leslie and Lynn Butters who are separately classed in Class 4 in Section 2.06 above.

2.08 Class 6: Equity Security Holders of Gillette Investments, LLC. Class 6 consists of the interests of Equity Security Holders of Gillette Investments, LLC, which consists of a sole member, The Robert Morales Living Trust (100%).

2.09 Elimination of Classes. Any Class that is not occupied as of the date of the hearing on confirmation of this Plan by an Allowed Claim or a Claim temporarily allowed pursuant to Rule 3019 of the Bankruptcy Rules shall be deemed deleted from this Plan for

purposes of voting on acceptance or rejection of this Plan and for the purpose of determining whether this Plan has been accepted by such Class pursuant to Section 1129 of the Bankruptcy Code.

ARTICLE III

IDENTIFICATION OF IMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS

3.01 Impaired Classes of Claims. Classes 3A and 3B are impaired under this Plan. Administrative Expenses (Class 1) and Priority Tax Claims (Class 2) are treated in accordance with Section 1129(a)(9) of the Bankruptcy Code unless otherwise agreed to by the claimant. All other classes are unimpaired.

3.02 Impairment Controversies. If a controversy arises as to whether any Claim or any class of Claims is impaired under this Plan, such class shall be treated as specified in this Plan unless the Bankruptcy Court shall determine such controversy upon motion of the party challenging the characterization of a particular Class or Claim under this Plan.

ARTICLE IV

ACCEPTANCE OR REJECTION OF PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS

4.01 Classes Entitled to Vote. Each impaired Class of Claims shall be entitled to vote separately to accept or reject this Plan. Any unimpaired Class of Claims shall not be entitled to vote to accept or reject this Plan.

4.02 Creditors Not Entitled to Vote. Only Creditors holding Claims that are not contested may vote for the Plan unless authorized by the Court to do so after motion and court order entered prior to the Confirmation hearing unless Debtor stipulates to allow a Creditor temporary voting privileges.

4.03 Class Acceptance Requirement. A Class of Claims shall have accepted this Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims of such class that have voted on this Plan.

4.04 One Vote Per Holder. If a holder of a Claim holds more than one Claim in any one class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting on this Plan.

4.05 Cramdown. Notwithstanding the rejection or deemed rejection of this Plan by any class of Claims, Debtor shall request that the Bankruptcy Court confirm this Plan in accordance with Section 1129(b) of the Bankruptcy Code.

ARTICLE V

TREATMENT OF ADMINISTRATIVE EXPENSES AND CLASSES NOT IMPAIRED UNDER THE PLAN

5.01 Class 1: Administrative Expenses. The allowed amount of Administrative Expenses shall be paid:

(A) On the later of: (1) the Effective Date; or (2) ten days after an Order approving the Administrative Expenses is entered if the Claim is one of a professional person employed under Sections 327 or 1103 of the Bankruptcy Code or otherwise employed by the Bankruptcy; or (3) for all other Administrative Expenses, twenty days after the Claim becomes an Allowed Claim; or

(B) Through such other treatment as may be agreed in writing by such holder of an Administrative Expense or as expressly set forth herein; provided, however, an Allowed Administrative Expense representing a liability incurred in the ordinary course of business shall be paid by Debtor upon presentment or otherwise in accordance with the terms of the particular transaction and any agreements relating thereto.

(C) Notwithstanding the foregoing, any Allowed Administrative Expense Claim not already paid prior to the time of the sale of the Property, shall be paid from the proceeds of the sale of Property prior to all other claimants except for Class 3A, Secured Claim of Yavapai County, and Class 3B, Secured Claim of Agua Fria, LLC.

5.02 Class 2: Priority Claims. Class 2 claims, to the extent any exist, shall be paid the full amount of its Allowed Secured Claim upon the sale of the Property or within a year of the Effective Date whichever occurs first.

ARTICLE VI

TREATMENT OF CLASSES IMPAIRED UNDER THE PLAN

6.01 Class 3A: Secured Claim of Yavapai County. The Allowed amount of the Secured Claim of Yavapai County classified above in Section 2.04, if any, shall be paid full, including accrued interest at the statutory rate prescribed by Arizona law, upon the sale of the Property or within a year of the Effective Date whichever occurs first.

Yavapai County shall retain its statutory lien on the Property to the extent of its Allowed Secured Claim, with the same validity, perfection and priority it had on the Petition Date.

6.02 Class 3B: Secured Claim of Agua Fria, LLC. The Allowed amount of the Secured Claim of Agua Fria, classified above in Section 2.05, shall be paid the full amount of its Allowed Secured Claim upon the sale of the Property or within a year of the Effective Date whichever occurs first.

Prior to the payment in full of the Secured Claim of Agua Fria, Agua Fria shall continue to receive the same monthly SARE payments it had been receiving prior to confirmation of the Plan.

Agua Fria shall retain its lien and security interest in the Property with the same validity, perfection and priority it had on the Petition Date.

Any and all pending deed of trust sales, or any other foreclosure actions, by Agua Fria regarding the Property shall be deemed vacated or cancelled, and any default by Debtor shall be deemed cured as of the Petition Date.

6.03 Class 4: Claim of Leslie and Lynn Butters. If deemed Allowed by order of this Court, the Claim of Butters, classified above in Section 2.06, will be satisfied through the specific enforcement of the Contract and quieting of title per an order of this Court in the Adversary Proceeding.

Also, in the event that Butters becomes the owner of the Property by order of this Court, in addition to whatever obligations Butters would then have to Gillette or others under the Contract or related order and/or judgment of this Court, Butters would also be required to satisfy the Plan treatment obligations as to Classes 1, 2, 3(A), 3(B) and 5 that had not already been previously satisfied, by causing them to be paid in full either (1) upon sale of the Property from the proceeds of the sale, or (2) within one year of the Effective Date. Additionally, satisfaction of the Plan Treatment obligation of Class 3(B) would also include going forward making the same monthly SARE payments to Agua Fria had been previously made by the Debtor until the Allowed Secured Claim of Aqua Fria is paid in full.

Prior to this Court ruling on the Allowance of Butters' claim, and upon the Effective Date, any lis pendens filed by Butters regarding the Property shall be affirmatively withdrawn by Butters with an appropriate recording such that Debtor's ability to sell the Property is not in any way impaired. As set forth in Section 7.01(f) below, any post-confirmation sale of the Property by Debtor or Butters shall be completed with a companion motion for approval to this Court to

ensure the terms of this Plan are implemented and the rights of the parties in the pending Adversary Proceeding are protected. Neither Butters (in the event that Butters becomes the owner of the Property), or the Debtor, shall oppose, obstruct, or interfere with any sale of the Property that is consistent with the terms of this Plan.

6.04 Class 5: Claims of General Unsecured Creditors. The Allowed Claims of the General Unsecured Creditors shall be treated as follows:

Allowed General Unsecured Creditors shall be paid the full amount of their Allowed Unsecured Claims upon the sale of the Property or within a year of the Effective Date, whichever occurs first.

6.05 Class 6: Interests of Equity Security Holders. The Allowed Equity Security Interest of the Equity Security Holder in Gillette Investments, LLC, The Robert Morales Living Trust, shall be retained and continue in Gillette Investments, LLC Reorganized Debtor.

ARTICLE VI

IMPLEMENTATION OF THE PLAN

7.01 Type of Plan and Procedure To Implement The Plan. On the date of Plan Confirmation, or prior to where applicable, the following events shall occur:

The Debtor shall:

a. Determine the amounts of all allowed Class claims.

b. Execute any documents necessary to implement Plan.

c. Debtor shall file with the Court post-confirmation quarterly reports, and provide a copy of the same to the United States Trustee, as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case. Debtor

shall pay any post-confirmation quarterly fees as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case.

d. Appoint a Disbursing Agent.

e. Debtor shall continue to prosecute to closure any pending sale of the Property, or if no such sale closes, timely pursue and close other sales.

f. Any sale of the Property shall be done with a companion motion for approval to this Court to ensure the terms of this Plan are implemented and the rights of the parties in the pending Adversary Proceeding are protected.

g. Neither Butters (in the event that Butters becomes the owner of the Property), or shall the Debtor, shall oppose, obstruct, or interfere with any sale of the Property that is consistent with the terms of this Plan.

7.02 <u>The Reorganized Debtor Shall Serve As The Disbursing Agent.</u> Debtor shall become the Disbursing Agent on the day after the Effective Date to serve as Disbursing Agent for all payments to be made to the Classes under the Plan.

a. Duties of the Disbursing Agent. The Disbursing Agent shall receive, disburse and account to the Court, the Creditors, Equity Security Holders and other parties in interest for the assets, and shall be responsible for reviewing and approving all claims (all disputes to be resolved by the Court), keep adequate records of all transactions, receipts and disbursements, communicating with, and advising all Creditors, Debtor and other parties in interest as needed, and such other duties as may be consistent with the responsibilities of a Disbursing Agent.

The Disbursing Agent shall also have the right to object to the allowance of any Claim on behalf of Debtor. These actions may necessitate use of legal services and incurring legal expenses.

The Disbursing Agent on behalf of the Reorganized Debtor shall file with the Court post-confirmation quarterly reports, and provide a copy of the same to the United States Trustee, as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case. The Disbursing Agent on behalf of the Reorganized Debtor shall pay any post-confirmation quarterly fees as required by the United States Trustee Operating Guidelines and Reporting Requirements for Chapter 11 Cases until a final decree is obtained in this case. The Disbursing Agent shall acknowledge and assume these duties, and all other obligations of Disbursing Agent set forth herein, by its execution of an acceptance on the notice of the appointment of the Disbursing Agent to be filed with Court pursuant to Section 7.02 of the Plan.

b. Termination of Disbursing Agent's Duties: The final distribution of the remaining pre-petition assets of the Reorganized Debtor pursuant to the terms of the Plan set forth herein shall discharge the Disbursing Agent.

c. Compensation of Disbursing Agent. The Disbursing Agent shall not receive any compensation other than the reimbursement of any actual out of pocket costs incurred by the Disbursing Agent in performing the duties authorized by this Plan which may include legal fees and expenses.

7.03 Effectuating Documents. On or before the Effective Date, the Reorganized Debtor shall file with the Bankruptcy Court such agreements, indentures, instruments and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

7.04 Property Vests In The Reorganized Debtor. All Property, assets and rights of the estate of Debtor shall vest in the Reorganized Debtor, free and clear of all liens, Claims and encumbrances of any kind whatsoever unless expressly provided for under this Plan. The Reorganized Debtor shall be able to manage their affairs, subject only to the limitations set forth in this Plan, without the requirement of further orders from the Bankruptcy Court.

7.05 Minimum Distributions. The distributions to holders of Claims pursuant to the Plan are minimum distributions only, and the Reorganized Debtor shall have the right and discretion, at all times, to make full or partial prepayments without penalty to holders of Claims.

7.06 Unclaimed Monies. All distribution of money under the Plan which are returned by the Post Office undelivered or which cannot be delivered due to lack of a current address will be retained by the Disbursing Agent, in trust, in a federally insured bank for the distributee; after the expiration of six months from the date of the first attempted distribution, the unclaimed monies, stock, and all future distributions will be redistributed pro rata to the other distributees, free of any Claim by the distributee.

7.07 Void Nature Of Any Post-Petition Trustee's Sales Or Foreclosures. Any trustee's sales or other forms of foreclosure of Debtor's real property undertaken after the Petition Date in violation of the 11 U.S.C. § 362 are hereby deemed void. Any Creditor, Creditor's affiliate or agent, or other party, who purported to undertake such a trustee's sale or foreclosure of Debtor's real property shall use best efforts to correct and document the void nature of their act(s) and document and correct any public record of such a void trustee's sale or foreclosure. The remedy for enforcing this provision expressly includes, but is not exhausted by, that of specific performance and injunction without the need for a bond by Debtor.

7.08 Binding To Debtor And Creditors. Upon the entry of the Confirmation Order, this Plan shall bind Debtor now known as the Reorganized Debtor, Equity Security Holders of Debtor, any entity acquiring or being distributed any property under this Plan, any Creditor, whether or not their Claims and interests are impaired under this Plan and whether or not they have accepted this Plan.

ARTICLE VIII

CONDITIONS OF CONFIRMATION

8.01 Conditions To Confirmation Of The Plan. It shall be a condition precedent to the Confirmation of this Plan that the Final Order provide for:

(a) Confirmation of this Plan;

(b) To supplement the injunctive provisions of § 524 of the Bankruptcy Code, except as provided in this Plan or the Confirmation Order, as of the Confirmation Date, all persons or entities and governmental units shall be stayed, restrained and enjoined from taking any of the following actions on account of any such discharge Claims, debts or liabilities: (i) commencing or continuing in any manner any action or other proceeding against the Reorganized Debtor, or its property; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting or recovering in any manner any judgment, award, decree or order against the Reorganized Debtor, or its property; (iii) creating, perfecting or enforcing in any manner, directly or indirectly, any lien or encumbrance against the Reorganized Debtor, or any of its property, or any direct or indirect transferee of any property of, or any direct or indirect successor in interest to, or any property of such transferee or successor; (iv) setting-off, seeking reimbursement of, contribution from, subrogation against or otherwise recouping in any manner directly or indirectly, any amount owed to the Reorganized Debtor, or any direct or indirect transferee of any property of, or any

successor in interest to the Reorganized Debtor, commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of this Plan.

Pursuant to the Plan, none of Debtor, the Plan Sponsors, Official Committees, or any of their respective present or former partners, members, officers, directors, employees, advisors, attorneys or agents (collective, the "Released Parties") shall have or incur any liability to any holder of a Claim or an 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 Chapter 11 case, any settlement related to the Chapter 11 case, the negotiation and execution of a proposed Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Estate or of the Plan, issuance and distribution of any securities issued or to be issued pursuant to the Plan, or the property to be distributed under the Plan, except only to the extent that liability is based on willful misconduct. The Released Parties shall be entitled to reasonably rely on the advice of counsel with respect to their duties and responsibilities under the Plan, or in the context of the Bankruptcy Case; and,

(c) Acceptance or rejection of this Plan was solicited in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and no Person conducting or participating in solicitation, including Debtor, shall be liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation government solicitation of acceptance or rejection of a plan of reorganization.

//

//

//

ARTICLE IX

GENERAL PROCEDURES FOR OBJECTING TO CLAIMS AND RESOLVING AND TREATING CONTESTED AND CONTINGENT CLAIMS

9.01 Claim Objection Deadline. Unless another date for any particular Claim or Claims is established by the Bankruptcy Court or this Plan, all objections to Claims shall be filed with the Clerk of the Bankruptcy Court and served on the holders of such Claims (unless earlier filed) by the later of 90 days after the Effective Date or the date that is ninety (90) days after a particular proof of Claim (or a request for payment in the case of Administrative Claim) has been filed. If an objection has not been filed to a Claim by the deadlines established herein, the Claim shall be treated as an Allowed Claim; provided, however, that no objection shall be required if a Claim was not listed on the Schedules or was listed on the Schedules as disputed, contingent or unliquidated, or was not evidenced by a timely filed proof of Claim. No such unlisted, disputed, contingent, unliquidated or unfiled Claim shall be treated as an Allowed Claim, except pursuant to a Final Order so providing. The objection deadlines established herein shall not apply to Claims and causes of action that must be asserted through an adversary proceeding.

9.02 Preservation Of Objections To Claims. Except as otherwise provided in this Plan or in the Confirmation Order or other Final Order, no compromise, waiver or release of Claims, demands or causes of action, that may be provided for in this Plan or in any Final Order of the Court shall, in any way, limit or impair the right of the Reorganized Debtor to prosecute objections to Claims, and the Reorganized Debtor hereby retain all objections to the allowability of a Claim and all defenses associated with such objections.

9.03 No Distributions Pending Resolution Of Objections. Notwithstanding any other provision of this Plan, no distributions shall be made with respect to a contested Claim (or any

contested portion of a Claim, if such Claim is not severable) by the Reorganized Debtor unless and until all objections to such contested Claim have been determined by Final Order.

9.04 Interest On Contested Claims And Contingent Claims. No interest shall accrue on a contested Claim during the period from the Effective Date until the date on which the Claim is allowed, if ever, and no interest shall accrue on a contingent Claim during the period from the Effective Date until the date on which the Claim becomes fixed and absolute or is otherwise allowed, if ever; provided that a contested Claim or a contingent Claim that is specifically entitled to post-confirmation interest by the terms of this Plan, and that is ultimately allowed, shall accrue post-confirmation interest from the Effective Date.

9.05 Treatment Of Contingent Claims. Until such time as a contingent Claim or a contingent portion of an Allowed Claim becomes fixed and absolute or is disallowed, such Claim shall be treated as a contested Claim for all purposes related to the distributions under this Plan; provided, however, that the distribution entitlements shall arise only from the date on which a contingent Claim becomes fixed and absolute or is otherwise allowed.

9.06 Disallowance Of Post-Petition Additions. The Reorganized Debtor shall not be required to make specific objection to proofs of Claim that allege a right to recover post-petition interest, penalties, fees, and other accruals with respect to pre-petition Claims (except Secured Claims entitled to such accruals pursuant to section 506(b) of the Bankruptcy Code), and any Claim amounts attributable to such post-petition interest, penalties, fees and other accruals shall be disallowed in full upon entry of the Confirmation Order.

9.07 Settlement And Resolution Of Disputed and Undisputed Claims. The Reorganized Debtor shall be authorized to settle or resolve, without Court approval, any disputed or

undisputed Claims with a settlement payment amount that does not exceed five thousand dollars ($5,000).

9.08 Preservation Of Debtor's Claims, Demands And Causes Of Action. All claims, demands and causes of action held by, through or on behalf of the Debtor, against any other person or entity, are hereby preserved in full, unless otherwise provided by this Plan; and no provision of this Plan shall impair the rights of the Reorganized Debtor with respect to any of such claims, demands and causes of action to prosecute and defend against any such preserved claims, demands and causes of action.

ARTICLE X

GENERAL PROVISIONS

10.01 Post-Confirmation Operating Of The Automatic Stay. Any lawsuits pending in any court (other than the Bankruptcy Court) that seek to establish Debtor's liability on pre-petition Claims and that are stayed pursuant to section 362 of the Bankruptcy Code, shall be dismissed as of the Effective Date unless the Reorganized Debtor elects to have its liability determined by such other courts. Any pending motions to lift or vacate the automatic stay shall be deemed denied as of the Effective Date and the stay shall remain in effect. Any such pre-petition Claims shall be determined as provided in this Plan.

10.02 Prohibition against Discriminating Treatment against the Reorganized Debtor. No individual, entity or government may discriminate against the Reorganized Debtor solely because of the commencement, continuation or termination of this Chapter 11 proceeding, or because of any provision of this Plan, or the legal effect of this Plan, and the Confirmation Order shall constitute an express injunction against such discriminating treatment.

10.03 Compliance With Tax Requirements. In connection with this Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities.

10.04 Insurance. The Reorganized Debtor shall use its best efforts to maintain insurance on any non-exempt pre-petition property they retain pending completion of distributions to Creditors.

10.05 Termination Of Adequate Protection Payments. Upon the entry of a Confirmation Order by the Court, any and all payments to Secured Creditors for adequate protection shall be terminated.

10.06 No Additional Charges. Except as expressly stated in this Plan, or as allowed by Court order, no interest, penalty, late charge or additional charges (such as attorneys' fees) shall be allowed on any Claim subsequent to the Filing Date.

10.07 Deficiency Claims. Unsecured Creditors whose Claims arise out of a deficiency resulting from the abandonment of Collateral to a previously Secured Creditor or resulting from orders granting relief from the provisions of section 362 of the Bankruptcy Code, must file their Claims within thirty (30) days after Confirmation of this Plan unless the Court enters an Order making an 11 U.S.C. § 506 determination of secured status as to the subject Unsecured Creditor prior to Conformation in which case said Unsecured Creditor must filed its Claim within thirty (30) days after the entry of said Order.

10.08 Barring Of Claims. The entry of the Confirmation Order shall permanently bar the filing and asserting of any Claims against Debtor which arose or relate to the period of time prior to the Confirmation Date, which were listed by Debtor in its Schedules and Statement Of Financial

Affairs (as amended) filed with the Court or were not evidenced by timely and proper proofs of Claim filed with the Court.

10.09 Amount Of Claims. All references to Claims and amount of the Claims refer to the amount of the Claims as allowed by the Court. Debtor reserves the right, both before and within sixty days after the Effective Date, to object to Claims so as to have the Court determine the amount allowed to be paid under this Plan.

10.10 Remedies To Cure Defects. After Confirmation, the Reorganized Debtor may, with the approval of the Court, and so long as it does not materially and/or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any inconsistencies in this Plan, or in the Confirmation of this Plan, in such a manner as may be necessary to carry out the purposes and the intent of this Plan.

10.11 Retention Of Jurisdiction. After the Effective Date, the Bankruptcy Court shall retain and have exclusive jurisdiction over the Chapter 11 cases for the following purpose:

(a) To determine any and all objections to the allowance of Claims;

(b) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or this Plan;

(c) To determine any applications for the rejection or assumption of executory contracts or unexpired leases or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which Debtor is a party or with respect to which Debtor may be liable, and to hear and determine, and if need be, to liquidate any and all Claims arising therefrom;

(d) To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date;

(e) To consider any modifications of this Plan, remedy and defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;

(f) To determine any and all controversies, suits and disputes that may arise in connection with the interpretation, enforcement or consummation of this Plan or any person's or entity's obligations thereunder;

(g) To determine all controversies, suits and disputes arising as a result of a demand by any utility for a deposit or other form of security as a condition to providing post-confirmation utility services to Debtor;

(h) To determine all controversies, suits and disputes of this Plan as a result of discriminatory treatment of Debtor;

(i) To hear and determine any Claim or cause of action by or against Debtor, and to consider and act on the compromise and settlement of any Claim or cause of action by or against Debtor;

(j) To issue such orders in aid of execution of this Plan, as are authorized by section 1142 of the Bankruptcy Code; and

(k) To determine such other matters as may be set forth in the Confirmation Order or as may arise in connection with this Plan or the Confirmation Order.

10.12 Modification Of Plan. Modifications of this Plan may be proposed in writing by Debtor at any time before Confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and Debtor shall have complied

with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after Confirmation and before its substantial consummation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and hearing, confirms this Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

10.13 Severability. Wherever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Plan shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Plan. Furthermore, if the Bankruptcy Court will not confirm this Plan because one or more provisions hereof are determined to be prohibited or invalid under applicable law, Debtor may seek permission of the Bankruptcy Court to amend this Plan by deleting the offending provision.

10.14 Revocation Of Plan. Debtor reserves the right to revoke and/or withdraw this Plan prior to entry of the Confirmation Order. If Debtor revokes and/or withdraws this Plan, or if Confirmation of this Plan does not occur, then this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against Debtor or any other person or entity or to prejudice in any manner the rights of Debtor or any person or entity in any further proceeding involving Debtor.

ARTICLE XI

DISCHARGE OF DEBTOR

11.01 Discharge Of The Debtor. Except as otherwise provided in this Plan or in the Confirmation Order, the rights afforded under this Plan and the treatment of Claims under this Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims including any interest or Claims from the petition date. Confirmation of this Plan shall discharge Debtor from all Claims or other debts, liabilities or obligations of any kind or nature, that arose, in whole or part, before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a proof of Claim based on such debt is timely filed or deemed filed pursuant to section 501 of the Bankruptcy Code, a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code, or the holder of a Claim based on such debt has accepted this Plan.

11.02 Effect Of Discharge On Other Entities. Pursuant to section 524(e) of the Bankruptcy Code, except as otherwise provided in this Plan, the discharge of a debt of Debtor, pursuant to this Plan, shall not affect the liability of any other entity on, or the Property of any other entity for, such debt.

11.03 Modification Of Plan Due To Default. If any Creditor holding an Allowed Claim seeks such an Order, Debtor may seek modification of the Plan prior to entry of the Order based upon good cause for the default and reasonableness of the modification.

ARTICLE XII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

12.01 Description of Executory Contracts. Debtor has no executory contracts in the capacity as a lessor or lessee or otherwise.

12.02 Rejected If Not Assumed. All contracts and leases of Debtor that constitute executory contracts or unexpired leases as of the date of filing the Chapter 11 petition for relief shall be rejected as of the Effective Date, except for the leases set forth or described in section 12.01.

12.03 Disputes As To Executory/Unexpired Status. Notwithstanding section 12.02 above, if on the Effective Date there is a pending dispute as to whether a contract is executory or a lease is unexpired, Debtor's right to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired.

12.04 Expired Contracts Or Leases. Any contract or lease that expired pursuant to its terms prior to the Effective Date, and that has not been assumed or rejected by Final Order prior to the Effective Date, is hereby specifically rejected.

12.05 Bar To Rejection Damages. If the rejection or an executory contract or unexpired lease results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of Claim, shall be forever barred and shall not be enforceable unless a proof of Claim is filed with the Bankruptcy Court and served upon Debtor as follows: (a) if the Claim arises from the rejection of an executory contract or unexpired lease by operation of any provision of this Plan, thirty (30) days after the date of service of notice of the Effective Date; (b) if the Claim arises from the rejection of an executory contract or unexpired lease pursuant to a Final Order of the Bankruptcy Court (other than the Confirmation Order) authorizing rejection of such contract or lease, thirty (30) days after service of notice of the entry of such Final Order; or (c) if the Claim arises from the rejection of an executory contract or unexpired lease that is rejected after withdrawal of the assumption thereof, thirty (30) days after service of notice of the assumption withdrawal. The foregoing applies only to Claims arising from the rejection of an

executory contract or unexpired lease; any other Claims held by a party to a rejected contract or lease shall have been evidenced by a proof of Claim filed by earlier applicable bar dates or shall be barred and unenforceable.

12.06 Cure Of Defaults Upon Assumption. Upon the assumption of any executory contract or unexpired lease (including an executory contract or unexpired lease deemed to be such by assumption herein) including, without limitation, defaults by the Debtor specified in section 365(b)(10) of the Bankruptcy Code and any defaults by Debtor specified in section 365(b)(2) of the Bankruptcy Code, shall be deemed cured except to the extent written demand for the cure of or demonstration of ability to cure any default has been filed with the Bankruptcy Court and served upon Debtor by the non-debtor party to such executory contract or unexpired lease within thirty (30) days after the date of service of notice of the Effective Date. In the absence of a timely demand in accordance with the foregoing, Debtor's obligation to cure or demonstrate the ability to cure shall be deemed waived, released and discharged. If any non-debtor party to such executory contract or unexpired lease timely serves and files such written demand, and Debtor files an objection in writing to such demand within thirty (30) days thereafter, the Bankruptcy Court shall, by the issuance of a Final Order, determine the amount actually due and owing in respect of such demand or shall approve the settlement of such demand. Debtor shall have thirty (30) days thereafter in which to effect such cure or withdraw ab initio their assumption of such executory contract or unexpired lease whereupon such executory contract or unexpired lease shall be deemed to have been rejected as of the date of the Chapter 11 petition for relief.

12.07 Treatment of Claims Arising From Assumption Or Rejection. All Allowed Claims arising from the assumption of an executory contract or unexpired lease shall be treated as a General Unsecured Claim unless otherwise ordered by Final Order of the Bankruptcy Court. No

such Claims are anticipated in this case. In the event no General Unsecured Class exists, but one is needed, Debtor will create one with a modification.

TAX CONSEQUENCES

The Proponent has not obtained a tax opinion at this time and therefore such party expresses no opinion as to the tax consequences of confirmation or implementation of the Plan to the holder of any claim or interest.

BECAUSE NO PROPONENT OF THE PLAN EXPRESSES ANY OPINION AS TO THE TAX CONSEQUENCES OF THE PLAN, IN NO EVENT WILL THE DEBTOR OR ITS PRINCIPALS OR ITS PROFESSIONAL ADVISORS, BE LIABLE IF, FOR ANY REASON, THE TAX CONSEQUENCES OF THE PLAN ARE NOT AS ANTICIPATED BY CREDITORS AND EQUITY INTEREST HOLDERS. THE DEBTOR'S CREDITORS AND EQUITY INTEREST HOLDERS MUST LOOK SOLELY TO AND RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THE PLAN.

PROPONENT'S RECOMMENDATION

Debtor recommends that the creditors vote for the plan because they will receive a superior return to what they would receive in a liquidation and positive votes will enable Debtor to obtain the confirmation of the plan as soon as possible which will result in the creditor's receiving a distribution sooner. For these and the other reasons noted herein, Debtor urges you to vote to accept the Plan.

DATED this 29th day of December, 2016

LAW OFFICE OF MARK J. GIUNTA

By /s/ Mark J. Giunta SBN 015079
Mark J. Giunta, Esq.
Liz Nguyen, Esq.
Attorneys for Debtor

Approved by Debtor:

/s/ Robert Morales
Robert Morales, in his capacity as Manager and authorized representative of Gillette Investment

A Copy of the foregoing was electronically filed
This 29th day of December, 2016 with the U.S. Bankruptcy Court.

COPY of the foregoing mailed (and/or served via
fax* or e-mail** if so marked) 29th day of December, 2016, to:

Anthony W. Austin
Fennemore Craig, P.C.
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016
aaustin@fclaw.com
Attorneys for Les and Lynn Butters

Constance E. Sutton
Law Offices of Constance Sutton PC
5025 North Central Avenue, #631
Phoenix, Arizona 85012
lawarizona@cox.net
Attorneys for Agua Fria, LLC

Michael A. Jones
Allen Maguire & Barnes, PLC
1850 North Central Avenue, Suite 1150
Phoenix, Arizona 85004
mjones@ambazlaw.com
Attorneys for Combs Law Group, P.C.

United States Trustee
230 North First Avenue, Suite 204
Phoenix, AZ 85003-1706

/s/ Logan Schutz

APPENDIX A

DEFINITIONS

Defined Terms. For purposes of this Plan, the capitalized terms used in this Plan shall have the meanings as set forth below:

1.01 Administrative Claims/Expenses. Claims and expenses which are allowed pursuant to § 503(b) of the Bankruptcy Code and which are entitled to priority pursuant to § 507(a)(1) of the Bankruptcy Code.

1.02 Adversary Proceeding. This term refers to adversary proceeding styled, Leslie C. Butters and Lynn M. Butters v. Robert Morales, et al., 2:15-ap-00116-BKM.

1.03 Allowed Claim. A Claim (a) with respect to which a Proof of Claim has been filed with the Court within the applicable period of limitation fixed by the Federal Rules Of Bankruptcy Procedure, Rule 3003, or (b) scheduled in the list of Creditors prepared and filed with the Court pursuant to Federal Rules Of Bankruptcy Procedure, Rule 1007(b) and not listed as disputed, contingent or unliquidated as to amount, and in either case, as to which no objection to the allowance thereof has been filed within any applicable period of limitation fixed by Federal Rules Of Bankruptcy Procedure, Rule 3007, the Plan, an order of the Court, or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal and as to which no appeal is pending. An Allowed Claim shall not include unmatured or post-petition interest unless otherwise provided hereafter in the Plan.

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

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

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

1.07 Bankruptcy Code. The Bankruptcy Code is the Bankruptcy Reform Act Of 1978, sometimes referred to as the Bankruptcy Code Of 1978, as contained in Title 11 U.S.C.A. § 101, et seq., and all amendments thereto.

1.08 Bankruptcy Court or Court. This term refers to and means the United States Bankruptcy Court for the District of Arizona, Phoenix Division, or any other court that exercises jurisdiction over all or part of the

Bankruptcy Cases, including the United States District Court for the District of Arizona to the extent that the reference of all or part of the Bankruptcy Cases is withdrawn.

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

1.10 **Bankruptcy Case**. This term refers to and means the above-captioned Chapter 11 case filed by Gillette Investments, LLC.

1.11 **Bar Date**. The last day the Court will allow a Proof of Claim to be filed in this bankruptcy proceeding. The Bar Date is usually the date set for the hearing on approval of the Disclosure Statement and notice of the Bar Date will accompany the notice setting the hearing on approval of the Disclosure Statement, unless another deadline has been set by the Court.

1.12 **Business Day**. This term refers to and means every day except Saturdays, Sundays, and holidays observed by the Bankruptcy Court.

1.13 **Cash Collateral**. Cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring, rents, or profits of property subject to a security interest as provided in § 552(b) of the Bankruptcy Code, whether existing before or after the commencement of a case under Title 11 of the Bankruptcy Code.

1.14 **Chapter 11**. Chapter 11 of the Bankruptcy Code. Reference to section numbers are references to sections in the Bankruptcy Code 11 U.S.C. § 101, et seq., Public Law 95-598, effective October 1, 1979, as amended, unless otherwise specified.

1.15 **Claim**. A right to (1) payment from the Debtor, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (2) an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.16 **Class**. One or more creditors grouped together as defined herein. The Plan is intended to deal with all Claims against the Debtors of whatever character, whether or not contingent or liquidated, and whether or

not allowed by the Court pursuant to § 502(a) of the Bankruptcy Code. However, only those Claims allowed pursuant to § 502(a) of the Bankruptcy Code will receive payment under the Plan.

1.17 **Collateral**. Property which is pledged as security for the satisfaction of a debt. Collateral is additional security for performance of principal obligation, or that which is by the side, and not in direct line. Property subject to a security interest, including accounts, contract rights and chattel paper which have been sold.

1.18 **Collateral Value**. Collateral Value is the fair market value of the any collateral as determined by the Court.

1.19 **Confirmation**. The formal approval of the Bankruptcy Court of a Plan Of Reorganization.

1.20 **Confirmation Date**. The date upon which the Confirmation Order is entered by the Court.

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

1.22 **Confirmation Order**. The Final Order of the Court determining that the Plan meets the requirements of Chapter 11 of the Bankruptcy Code and is entitled to Confirmation.

1.23 **Contract**. This term refer to the contract at issue in the Adversary Proceeding.

1.24 **Creditor**. A Creditor or all Creditors of the Debtor holding Allowed Claims for the debts, liabilities, demands or Claims of any character whatsoever, as defined in § 101(4) of the Bankruptcy Code.

1.25 **Debtor**. The Debtor Gillette Investments, LLC. Debtor can be used interchangeably with Debtors.

1.26 **Disclosure Statement**. The Disclosure Statement in support of Gillette Investments, LLC's Plan of Reorganization in its present form, or as it may be amended or supplemented.

1.27 **Disputed Claim**. This term refers to and means every Claim: (a) that is scheduled by the Debtors as disputed, contingent, or unliquidated; and/or (b) that is not an Allowed Claim.

1.28 **Effective Date**. The date following the Confirmation Date after which no appeal of the Confirmation Order can be taken or fifteen (15) days from the Confirmation Date, whichever is later.

1.29 **Estate**. This term refers to and means the bankruptcy estate of the Debtor created under Bankruptcy Code § 541.

1.30 **Executory Contract**. This term refers to and means every unexpired lease and other contract which is subject to being assumed or rejected under Bankruptcy Code § 365.

1.31 **Final Order**. A Final Order is an order of the Court which, not having been reversed, modified or amended and not being stayed and the time to appeal from which or to seek review or rehearing of which having expired, and no such appeal, review, certiorari or rehearing is pending, has become conclusive of all matters adjudicated thereby and in full force and effect.

1.32 **Impaired/Impaired Class** Under § 1124 of the Bankruptcy Code, a Class Of Claims is impaired under a Plan unless, with respect to each Claim of such Class: (i) it is paid in full on the Effective Date of the Plan; (ii) the Plan leaves unaltered the legal, equitable and contractual rights to which such Claim entitles the holder to such Claim; or (iii) all defaults are cured, the original maturity of the Claim is reinstated and the Claim is otherwise treated as provided in clause (ii) above.

1.33 **Interests**. This term refers to and means the rights of the members of the Debtor.

1.34 **Interpretation**. The headings in this Plan are for convenience and reference only and shall not limit or otherwise affect the provisions hereof. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender.

1.35 **IRS**. This term refers to and means the Internal Revenue Service.

1.36 **Personal Property**. This term refers to and means all personal property owned by Debtor.

1.37 **Plan**. This term refers to and means this Plan of Reorganization Proposed By the Debtor and every modification thereof, if any, filed by the Debtor.

1.38 **Plan Confirmation**. Entry by the Court of an order confirming the Plan at or after a hearing held pursuant to § 1128 of the Bankruptcy Code.

1.39 **Preserved Lien(s)**. Any liens required under § 1124(2) of the Bankruptcy Code.

1.40 **Priority Claim(s)**. Any Claim or Claims entitled to priority pursuant to § 507(a) of the Bankruptcy Code other than a Tax Claim or a Claim for Administrative Expenses.

1.41 **Professional Charges**. This term refers to and means all professional fees and costs by professional persons approved by the Bankruptcy Court to serve the Debtor or the Committee which have accrued during the pendency of the Debtors' Bankruptcy Cases up to and including the Confirmation Date.

1.42 **Property**. All real and personal Property (individually or as a whole) of the estate of the Debtor as previously or hereafter determined by Final Order of a court of competent jurisdiction and/or as defined in § 541 of the Bankruptcy Code, including, but not limited to, any and all Claims or causes of action in favor of the Debtor against third parties (except as otherwise provided herein).

1.43 **Property Broker**. This term refers to and means the independent person engaged to market and sell the property or any portion thereof.

1.44 **Proponent**. This term refers to and means the Debtor who is proposing this Plan of Reorganization.

1.45 **Pro Rata**. This term refers to and means proportionally, so that the ratio of the consideration distributed on account of an Allowed Claim in the Class (or sub-class) and consideration distributed on account of all Allowed Claims in the Class (or sub-class) is the same as the ratio of the Allowed Claims in the Class (or sub-class).

1.46 **Real Property**. Real Property owned by the Debtor.

1.47 **Reorganized Debtor**. The Debtor, after Confirmation of the Plan, and its successors and assigns.

1.48 **SARE Payments**. This term refers to the monthly SARE payments made by Debtor to Agua Fria, LLC.

1.49 **Secured Claim(s)**. Any Claims, other than a Tax Claim, secured by Property of the Debtor under a duly perfected security interest, to the extent of the value of the Collateral (security), as determined in accordance with § 506 of the Bankruptcy Code.

1.50 **Secured Creditor(s)**. All Creditors other than taxing entities, who hold a lien, security interest or other encumbrance which has been properly perfected as required by law with respect to Property owned by the Debtor.

1.51 **Tax Claim(s)**. Any Claim for taxes entitled to priority pursuant to § 507(a)(7) of the Bankruptcy Code.

1.52 **Term Of The Plan**. That period after the Effective Date during which payments are being made to Creditors as called for by the Plan.

1.53 **Unsecured Claim(s)**: All Claims not secured by collateral of the estate.

1.54 **Unsecured Creditor(s)**. All Creditors of Debtor holding Unsecured Claims of any character whatsoever, except Claims entitled to priority pursuant to § 507 of the Bankruptcy Code.

1.55 **Unsecured Deficiency Claimant(s)**. Claims resulting from the excess of the Secured Claims over the Collateral Value, as determined pursuant to § 506 of the Bankruptcy Code or unless otherwise agreed to by the Secured Creditors.

1.56 **Undefined Terms**. Terms and phrases, whether capitalized or not, that are used and not defined herein, but are defined by the Bankruptcy Code, have the meanings ascribed to them in the Bankruptcy Code.

EXHIBIT 2

LIQUIDATION ANALYSIS[1]

DISTRIBUTION IF THE ASSETS OF THE DEBTOR ARE LIQUIDATED BY A CHAPTER 7 TRUSTEE

Liquidation Value of Non-Exempt Assets	
Real Property	
82 acres in Yavapai County with subsurface rights ($4,000,000 – $0.00 (Yavapai County Treasurer) – $309,000 (Agua Fria) – 5% cost of sale [$200,000])	$3,491,000.00
Total	**$3,491,000.00**
Trustee's Fees (25% first $5,000, 10% from 5k to 50k, 5% for the rest)	[$ 178,300.00]
Trustee's Attorney's and Expert's Fees (estimation)	[$ 50,000.00]
Chapter 11 Administrative Creditors (estimation)	[$ 50,000.00]
Chapter 11 Tax Priority Creditors	[$ 100.00]
Funds available to distribute to General Unsecured Creditors	**$3,212,600.00**

DISTRIBUTION TO GENERAL UNSECURED CREDITORS UNDER THE DEBTOR'S PLAN

Funds available to distribute to General Unsecured Creditors	100%

[1] The Debtor does not adopt the figures set forth herein or use them for any other purpose than the limited one of providing this liquidation analysis.