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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re:	In Proceedings under Chapter 11
RICHARD DADASIEWICZ and DENISE DADASIEWICZ,	Case No. 4:15-bk-13022-BMW
Debtors.	<b>FIRST AMENDED DISCLOSURE STATEMENT</b>
	Filed on November 14, 2016

12 **DISCLOSURE STATEMENT ACCOMPANYING CHAPTER 11 PLAN FOR DEBTORS**

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**EXHIBITS**

- 14 Exhibit A - Plan of Reorganization
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**I. INTRODUCTION**

18 Richard James Dadasiewicz and Denise A. Dadasiewicz, as debtors and debtors-in-  
19 possession (the “Debtors”), propose the following chapter 11 Plan of Reorganization (the “Plan”)  
20 pursuant to section 1121(a) of the United States Bankruptcy Code. All capitalized terms used in the  
21 Plan are defined either in section 101 of the Bankruptcy Code or in Article I to the Plan.

22 The Plan sets forth how Administrative Expenses, Claims against and Equity Interests in the  
23 Debtors will be treated upon the Debtors’ emergence from chapter 11 if the Plan is confirmed by the  
24 Bankruptcy Court and is thereafter consummated. This Disclosure Statement describes certain  
25 aspects of the Plan, the Debtors’ business operations, significant events leading to the Chapter 11  
26 Cases, and related matters.

1 For a complete understanding of the Plan, you should read this Disclosure Statement, the  
2 Plan and all of their related exhibits and schedules in their entirety. The Debtors believe that the  
3 Plan complies with all provisions of the bankruptcy code and will enable them to restructure their  
4 debt successfully and accomplish the objectives of Chapter 11, and therefore that acceptance of the  
5 Plan is in the best interest of the Debtors, the Debtors' estate and creditors.

6 **A. Purpose, Limitations and Structure of Disclosure Statement**

7 The purpose of this Disclosure Statement is to provide the holders of Claims against the  
8 Debtors with adequate information to make an informed decision as to whether to accept or reject the  
9 Plan. Nothing contained in this Disclosure Statement shall constitute an admission of any fact or  
10 liability or as a stipulation or waiver by any party, or be admissible in any other case or any bankruptcy  
11 or nonbankruptcy proceeding involving any of the Debtors or any other party, or be deemed conclusive  
12 advice on the tax, securities or other legal effects of the Plan.

13 **B. Voting on the Plan**

14 1. Classes of Claims Entitled to Vote

15 Pursuant to the provisions of the Bankruptcy Code, only holders of claims or interests that  
16 are members of a class that (a) is "impaired" within the meaning of section 1124 of the Bankruptcy Code  
17 (an "Impaired Class") and (b) is not deemed to have rejected a plan under section 1126(g) of the  
18 Bankruptcy Code, are entitled to vote to accept or reject a plan of reorganization. Classes of claims or  
19 interests that are not impaired under section 1124 of the Bankruptcy Code are conclusively presumed to  
20 have accepted a plan and are not entitled to vote to accept or reject the plan. Those Impaired Classes of  
21 Claims which shall receive no recovery under a plan are deemed to have rejected the plan under section  
22 1126(g) of the Bankruptcy Code and are not entitled to vote to accept or reject the plan.

23 Applying the provisions above to the Debtors' Plan, Classes 1, 2, 4, and 5 are Impaired  
24 and the holders of those Claims may be entitled to receive distributions under the Plan. As a result, those  
25 holders of Claims are entitled to vote to accept or reject the Plan. In contrast, Class 3 is unimpaired under  
26 the Plan; consequently, holders of Claims in Class 3 are conclusively presumed to have accepted the Plan  
27 and are not entitled to vote to accept or reject the Plan. Class 6 is impaired, but is not entitled to receive

1 a distribution under the Plan and is therefore not entitled to vote to accept or reject the Plan. Class 7, the  
2 Debtors' Interest, is not entitled to vote under the Plan.

3 2. Votes Required for Acceptance of the Plan by a Class

4 Pursuant to the Bankruptcy Code, a class of claims is considered to have accepted a  
5 proposed plan of reorganization if the plan is accepted by more than one-half of the class members that  
6 actually voted on the plan, holding at least two-thirds in dollar amount of the claims in that class for  
7 which a valid ballot was submitted. Thus, for each Class under the Plan, the Class will have accepted the  
8 Plan if, of the total number of Class members that vote, more than one-half vote to accept the Plan, and  
9 such majority of voters holds at least two-thirds of the total dollar amount of the Claims in that Class for  
10 which a Ballot was properly submitted.

11 Pursuant to the Bankruptcy Code, a class of equity interests is considered to have accepted  
12 a proposed plan of reorganization if the plan is accepted by holders of at least two-thirds in terms of dollar  
13 amount of the interests in that class for which a ballot was actually submitted.

14 3. Tabulation of Votes

15 A vote to accept or reject the Plan may be disregarded if the Bankruptcy Court determines,  
16 after notice and a hearing, that such vote was not cast in good faith or was not solicited or procured in  
17 good faith or in accordance with the provisions of the Bankruptcy Code. A Ballot that does not indicate  
18 the acceptance or rejection of the Plan or that indicates both acceptance and rejection of the Plan will be  
19 counted as a vote for acceptance of the Plan. If the holder of a Claim otherwise does not properly submit  
20 its Ballot, or that holder's vote is disregarded, that holder and that holder's Claim will not be included  
21 in deciding whether the requisite number of Class members and amount of Claims voted to accept or  
22 reject the Plan. If a Class is entitled to vote and no properly submitted Ballots are returned from such  
23 Class, the Class will be deemed to have accepted the Plan.

24 If one or more of the Classes of Claims entitled to vote on the Plan rejects the Plan, the  
25 Debtor reserves the right to amend the Plan or request confirmation of the Plan pursuant to section  
26 1129(b) of the Bankruptcy Code, or both, without providing further notice to the holders of any Claim.  
27 Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization  
28

1 notwithstanding the non-acceptance of the plan by one or more Impaired Classes of claims or interests.  
2 Under that section, a plan may be confirmed if it does not “discriminate unfairly” and is “fair and  
3 equitable” with respect to each non-accepting class. Holders of Claims should assume that, if one or more  
4 of the Classes of Claims entitled to vote on the Plan reject the Plan, the Debtors will amend the Plan, as  
5 required, and request confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code, or  
6 both, at the Confirmation Hearing.

7 4. Voting Instructions

8 If you are entitled to vote on the Plan, a Ballot is enclosed with this Disclosure Statement.  
9 If you are entitled to vote in more than one Class, you will receive separate Ballots for each Claim entitled  
10 to vote, which must be used for each separate Claim. Please refer to the Disclosure Statement Order for  
11 more specific instructions on voting on the Plan.

12  
13 **If you are a holder of record of a Claim entitled to vote:**

14 Please vote and return your Ballot(s), if applicable, in accordance with the instructions  
15 set forth herein and in the instructions accompanying your Ballot(s), if applicable to:

16 Charles R. Hyde  
17 The Law Offices of C.R. Hyde, PLC  
18 325 W. Franklin St., Suite 103  
19 Tucson, Arizona 85701

20 **TO BE COUNTED, YOUR EXECUTED BALLOT INDICATING**  
21 **ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED AT THE**  
22 **ADDRESS ABOVE NO LATER THAN 5:00 P.M. (ARIZONA LOCAL TIME) ON \_\_\_\_\_**  
23 **(THE “VOTING DEADLINE”). ANY BALLOT RECEIVED THAT IS NOT EXECUTED,**  
24 **DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN, OR**  
25 **INDICATES BOTH ACCEPTANCE AND REJECTION OF THE PLAN WILL BE**  
26 **COUNTED AS A VOTE FOR ACCEPTANCE OF THE PLAN. DO NOT RETURN ANY**  
27 **OTHER DOCUMENTS WITH YOUR BALLOT. FACSIMILE BALLOTS WILL NOT BE**  
28 **ACCEPTED.**

1           **C. Confirmation Hearing**

2           Pursuant to section 1128 of the Bankruptcy Code, the Confirmation Hearing will  
3 commence on \_\_\_\_\_, 2016, before the Honorable Brenda Whinery, United States Bankruptcy Judge,  
4 at 10:00 a.m. at the United States Bankruptcy Court for the District of Arizona, Courtroom 446, 38 South  
5 Scott Avenue, Tucson, Arizona 85701. The Bankruptcy Court has directed that objections, if any, to  
6 confirmation of the Plan be served and filed so that they are received on or before \_\_\_\_\_. The  
7 Confirmation Hearing may be adjourned from time to time without further notice except for the  
8 announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned  
9 Confirmation Hearing. Subsequent to the Confirmation Hearing, the Bankruptcy Court may issue an  
10 Order confirming the Plan (the “Confirmation Order”).

11           **D. Overview of Chapter 11 Process**

12           Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under  
13 chapter 11 of the Bankruptcy Code, Debtors are authorized to reorganize a business for the benefit of  
14 itself, its creditors, and its equity interest holders. In addition to permitting rehabilitation of the debtor,  
15 another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly  
16 situated equity interest holders with respect to the distribution of a debtor’s assets. The commencement  
17 of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the  
18 debtor in property as of the commencement date. The Bankruptcy Code provides that the debtor may  
19 continue to operate their business and remain in possession of its property as “debtor in possession.” The  
20 consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case.  
21 A plan of reorganization sets forth the terms for satisfying claims against and equity interests in the  
22 debtor. Upon confirmation of a plan of reorganization, it is binding on the debtor, any issuer of securities  
23 under the plan, and any creditor or equity interest holder of the debtor. Subject to certain limited  
24 exceptions, the upon confirmation of the plan and the completion of a debtor’s payment under the plan,  
25 the debtor is entitled to seek an order of discharge from the bankruptcy court.

26           After a chapter 11 plan has been filed, holders of certain claims against and equity interests  
27 in a debtor are permitted to vote to accept or reject such plan. Before soliciting acceptances of the  
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1 proposed plan, however, a debtor is required under section 1125 of the Bankruptcy Code to prepare a  
2 disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a  
3 hypothetical reasonable investor to make an informed judgment about the plan.

4           The Debtors are submitting this Disclosure Statement to holders of Claims against and  
5 interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code. This  
6 Disclosure Statement sets forth specific information regarding the pre-bankruptcy history of the Debtors,  
7 the nature and progress of the Chapter 11 Cases, and the anticipated organizational and structure and  
8 operations of the Reorganized Debtors after confirmation of the Plan and emergence from chapter 11.  
9 This Disclosure Statement also describes the Plan, alternatives to the Plan, effects of confirmation of the  
10 Plan, and risk factors associated with the Plan, and the manner in which distributions will be made under  
11 the Plan. In addition, this Disclosure Statement discusses the confirmation process, the voting procedures  
12 that holders of Claims entitled to vote must follow in order for their votes to be counted.

13           **E.       Objections to Plan**

14           Written objections to the adequacy of this Disclosure Statement shall be filed no later than  
15 five (5) days prior to the hearing scheduled for approval of the disclosure statement.

16           **F.       Disclaimer**

17           The sole source of information for this disclosure statement is the Debtors themselves. The only  
18 representations that are authorized or which may be made concerning the debtor, the value of its assets,  
19 or reorganized debtor are the representations contained in this Disclosure Statement.

20           No accountant has been utilized by the Debtors with respect to the preparation of this Disclosure  
21 Statement. However, great effort has been made to ensure that all such information is fairly presented.  
22 No representations or assurances concerning the Debtors (including, without limitation, their future  
23 business operations) or the plan are authorized by the Debtors other than as set forth in this disclosure  
24 statement.

25           Any representations or inducements made by any person to secure your vote which are other than  
26 herein contained should not be relied upon by you in arriving at your decision, and such additional  
27 representations or inducements should be reported to counsel for the Debtors, who, in turn, shall deliver  
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1 such information to the Bankruptcy Court for such action as my be deemed appropriate.

2 **II. GENERAL INFORMATION ABOUT THE DEBTORS**

3 **A. Description of the History of the Debtors**

4 Mr. and Mrs. Dadasciewicz are presently separated. Both Debtors have always been  
5 employed and presently earn income in an amount that is historically approximates their earning  
6 ability.

7 **B. Events Leading to the Commencement of the Debtors' Chapter 11 Case**

8 In 2008 Mr. Dadasciewicz suffered a massive heart attack which put him out off work for an  
9 extended period of time. The event and aftermath of the heart attack materially affected Debtors'  
10 family and financial situation. After more than two years, Mr. Dadasciewicz was finally able to  
11 regain his ability to work. In the meantime certain obligations went unattended. In particular,  
12 Debtors failed to file federal and state income tax returns for a period of five years. The returns  
13 covering tax periods 2008 through 20014 were filed, and assessed, in 2014. Almost immediately  
14 upon the filing of those returns, the collection and enforcement division of the IRS began their pursuit  
15 of the parties.

16 At some point in 2013 the IRS recorded a blank lien against the assets of the Debtors.

17 After hiring an attorney to engage the IRS in connection with an installment agreement,  
18 Debtors did not reach an agreement. During 2015, while negotiating the installment agreement, the  
19 IRS had cause to levy Debtors' bank accounts.

20 When it became clear to Debtors that a satisfactory resolution to this matter was not going to  
21 be reached, combined with the levy of Debtors' accounts, Debtors were choiceless in deciding to file  
22 a petition for bankruptcy relief.

23 **C. Significant Events During the Bankruptcy Case**

24 The Debtor obtained court approval to enter into a residential lease agreement on April 4,  
25 2016 which is for the benefit of Denise Dadasiewicz. The Debtor also obtained court approval to  
26 assume a vehicle lease on April 4, 2016.

27 In preparation of the Plan of Reorganization, Debtor obtained certified appraisals of his two  
28



1 residential properties in an effort to more accurately determine the extent of the IRS secured claim  
2 and lien interest in those properties.

3 **D. Claims Scheduled and Claims Objections**

4 Except to the extent that a claim is already allowed pursuant to a final non-appealable order,  
5 the Debtors reserve their right to object to claims. Therefore, even if your claim is allowed for voting  
6 purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The  
7 procedures for resolving disputed claims are set forth in Article VI of the Plan.

8 To date, the following claims have been filed:

- 9 - Arizona Department of Revenue in the amount of \$12,660.74 (Claim #1)
- 10 - Nissan Infiniti LT in the amount of \$14,283.60 (Claim #2)
- 11 - Ditech Financial LLC in the amount of \$99,970.21 (Claim #3)
- 12 - Becket and Lee LLP in the amount of \$834.19 (Claim #4)
- 13 - IRS in the amount of \$306,003.60 (Claim #5)
- 14 - Synchrony Bank in the amount of \$3,038.10 (Claim #6)
- 15 - JP Morgan Chase in the amount of \$26772.11 (Claim #7)

16 **E. Current and Historical Financial Conditions**

17 The filing of this case has allowed the Debtors to stabilize their cash position by not having to  
18 be concerned, worried or distracted by the threat of an IRS levy. Upon successful completion of their  
19 Plan of Reorganization, the Debtors are confident that they can continue to operate in a stable  
20 financial condition and repay their creditors under the proposed Plan in an organized fashion.

21 **F. Value of Assets and Accounting**

22 No significant accounting work has been performed an any accountant in connection with the  
23 Debtors' bankruptcy proceedings. Despite this, great effort has been made to ensure that all such  
24 information is fairly presented. All financial records of the debtor are maintained on an cash basis.  
25 All expense and income are on a cash basis. All reporting to the trustee in this matter has been done  
26 on a cash basis.

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**G. Debtors’ Assumption of Certain Service Contracts and Rejection of Executory Contracts**

The Debtors have assumed the lease between the Debtors and Infiniti of Tucson regarding the Debtors’ 2015 Nissan Infinity LT by entry of the Bankruptcy Court’s Order on April 4, 2016. Codebtor Denise Dadasiewicz also entered into a lease of real property with ELK North Hill, LLC by entry of the Bankruptcy Court’s Order on April 4, 2016. All other leases of the Debtors are rejected unless assumed on or before the Effective Date.

**III. SUMMARY OF THE PLAN OF REORGANIZATION AND CLAIMS TREATMENT**

**A. Classification and Treatment of Holders of Claims**

One of the key concepts under the Bankruptcy Code is that only claims that are “allowed” may receive distributions under a Chapter 11 plan. In general, an “allowed” claim simply means that the Debtor agrees, or in the event of a dispute, that the Bankruptcy Court or other court of appropriate jurisdiction determines, that the claim, and the amount thereof, is in fact a valid obligation of the Debtor.

The Bankruptcy Code requires that, for purposes of treatment and voting, a Chapter 11 plan divides the different claims against, and equity interests in the Debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. If a class of claims or interests is “impaired,” the Bankruptcy Code affords certain rights to holders of such claims or interests, including the right to vote on the plan. Under section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” unless the plan (I) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders’ acceleration rights, cures all defaults (other than those arising from the Debtor’s insolvency, the commencement of the case or nonperformance of a non-monetary obligation), reinstates the maturity of the claims or interests in the class, grants such holder a claim for damages incurred, and does not otherwise alter the holders’ legal, equitable and contractual rights.

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1. Administrative Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses are not classified. Administrative Expenses are the actual and necessary costs and expenses of the Chapter 11 Cases that are Allowed under and in accordance with sections 330, 365, 503(b), 507(a)(2) and 507(b) of the Bankruptcy Code. Such expenses typically include, but are not limited to, amounts owed to vendors providing goods and services to the Debtors during the Chapter 11 Case, actual and necessary expenses of operating the Debtors' businesses, and tax obligations incurred after the Petition Date.

Any entity seeking an award by the Bankruptcy Court of compensation for services rendered and/or reimbursement of expenses incurred through and including the Effective Date under sections 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code must file an application for allowance of such compensation and/or reimbursement be paid by or on behalf of the Debtors or Reorganized Debtors, in full, in Cash, in such amounts as are Allowed, upon either (a) on the Effective Date or (b) such other terms as may be mutually agreed upon by the professional and the Debtors or Reorganized Debtors.

The following chart lists the Debtors' estimated administrative expenses, and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Treatment Under the Plan
Expenses Arising in the Ordinary Course of Business After the Petition Date	N/A	
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	N/A	

1 2 3 4	Professional Fees, as approved by the Court	Approximately \$16,000.00	Attorneys fees shall be paid in full on the effective date of the Plan or as otherwise agreed to by the parties. The Debtors' Projections, attached hereto as Exhibit B, reflect payment of estimated professional fees in the amount of \$1,500.00 per quarter beginning in September 2016.
5 6	Office of the U.S. Trustee Fees	Current as of the date of filing.	To be paid in full on the effective date of the plan should there be any fees outstanding.

7  
8  
9 **Section 4.1 Class 1 - Priority Tax Claims**

10 (a) Impairment and Voting. Class 1 is impaired by the Plan. Holders of claims of Class 1 are entitled  
11 to vote to accept or reject this plan.

12 (b) Distributions. Existing claims in this category include the Priority Tax Claim of the Arizona  
13 Department of Revenue in the amount of \$10,596.78 (Proof of Claim #1). The holders of Class 1 claims shall  
14 receive, in full and complete satisfaction, settlement and release of and in exchange for such Allowed Claim, from  
15 the Debtors obligated for the payment of such claim, following the Effective Date, monthly payments in an  
16 aggregate amount equal to such Allowed Priority Tax Claim, together with a rate of interest determined under  
17 applicable nonbankruptcy law pursuant to section 511 of the Bankruptcy Code or such other amount as determined  
18 by the Bankruptcy Court in the Confirmation Order, over a period not exceeding five (5) years after the Order For  
19 Relief which was October 12, 2015.

20 In the event the Debtors default on any payment due to the holder of a Class 1 Claim as required under  
21 the confirmed plan, and in the event the Debtors fail to cure said default within thirty days after written notice of  
22 the default is mailed to the Debtors and the Debtors' attorney, the entire imposed liability together with any unpaid  
23 current liabilities, shall become due and payable immediately. The holders of Class 1 Claims may collect unpaid  
24 liabilities that become due as a result of the default through the administrative collection provisions or the judicial  
25 remedies as set forth in the Internal Revenue Code and applicable state law. Holders of Class 1 claims shall not  
26 be required to seek a modification from the automatic stay to collect any tax liabilities that were not discharged  
27 by the entry of an order of discharge and from property that has reverted with the Debtors.

1 **Section 4.2 Class 2 - Secured Tax Claims**

2 (a) Impairment and Voting. Class 2 is impaired by the Plan. Holders of claims of Class 2 are entitled  
3 to vote to accept or reject this plan.

4 (b) Distributions. Existing claims in this category include the Secured Tax Claim of the Internal  
5 Revenue Service in the amount of \$268,752.02 (Proof of Claim #5). The IRS shall receive, in full and complete  
6 satisfaction, settlement and release of and in exchange for such Allowed Secured Tax Claim, from the Debtors  
7 obligated for the payment of such Allowed Secured Tax Claim, following the Effective Date, monthly payments  
8 in the minimum amount of one thousand five-hundred dollars (\$1,500) per month over a period not exceeding five  
9 (5) years after the later of (a) the Commencement Date or (b) the date of assessment of such Allowed Secured Tax  
10 Claim (the “Statutory Period”).

11 In addition to regular monthly payments, the Debtors shall sell, prior to confirmation of the Plan, the real  
12 property located at 4854 West Red Wolf Dr., Tucson, Arizona 85742 (the “Red Wolf Property”) pursuant to 11  
13 U.S.C. 363(f). Based on a certified appraisal obtained by Debtor, and attached to Debtors’ Liquidation Analysis,  
14 the IRS will be entitled to the sum of approximately \$40,000.00 as and for its junior lien in the Red Wolf Property.

15 At the conclusion of the Statutory Period, and in the event that the Class 2 Claim has not been satisfied  
16 by monthly payments, the Debtors shall sell their property at 9891 N. Windwalker Trail, Tucson, Arizona 85742  
17 (the “Windwalker Property”) and pay off the remaining IRS claim with the proceeds of that sale.

18 **Section 4.3 Class 3 - Secured Claim of Chase Home Finance LLC (Windwalker)**

19 (a) Impairment and Voting: Class 3 is Unimpaired by the Plan. Each holder of an  
20 Allowed Class 5 Claim is not entitled to vote to accept or reject the Plan.

21 (b) Distributions: The Secured Claim of the Chase Home Finance, LLC (“Chase”) with respect to the  
22 property at 9891 North Windwalker Trail, Tucson, Arizona (“the Windwalker Property”) shall be paid pursuant  
23 to the note.

24 // // //

26 // // //

1 **Section 4.4 Class 4 - Secured Claim of Ditech Financial LLC (Redwolf)**

2 (a) Impairment and Voting: Class 4 is Unimpaired by the Plan. Each holder of an Allowed Class 4 Claim  
3 is not entitled to vote to accept or reject the Plan.

4 (b) Distributions: Pursuant to the Order Approving the Debtor's Sale of Real and Personal Property entered  
5 at Docket Entry 111, the collateral securing the holder of Class 4's claim shall be sold and the claim satisfied in  
6 full.

7 **Section 4.5 Class 5 - General Unsecured Claims**

8 (a) Impairment and Voting: Class 5 is Impaired by the Plan. Each holder of an Allowed  
9 Class 5 Claim is entitled to vote to accept or reject the Plan.

10 (b) Distributions: Each holder of an allowed general unsecured claim shall receive its Pro Rata Share of  
11 monthly payments of \$100.00 for a period of sixty (60) months in full satisfaction of their claim. The first  
12 payment to Class 5 shall commence the first full month following the effective date of the Plan.

13 **Section 4.6 Class 6 - Contingent, Unliquidated and Disputed Claims**

14 (a) Impairment and Voting. Class 6 consists of the Allowed Claims that are either contingent, unliquidated,  
15 disputed, or any combination of the foregoing, claims in the Debtor. Class 6 is Impaired under the Plan. Holders  
16 of a Class 6 Claims are not entitled to vote to accept or reject this Plan.

17 (b) Treatment. Class 6 creditors shall receive no distribution under the Plan. In the event that any claims in Class  
18 6 become non-contingent and unliquidated prior to the Effective Date, such claims shall be entitled to participate  
19 in Class 5.

20 **Section 4.7 Class 7 - Debtor's Interest**

(a) Impairment and Voting: Class 7 is unimpaired by the Plan. The Debtors are not entitled to vote to accept  
22 or reject the plan.

(b) Distributions: All Estate property shall vest in the Debtors at Confirmation of the Debtors' Chapter 11  
24 Bankruptcy Plan.

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1 **B. Means for Implementation of the Plan**

2 Classes 1, 2, 3, 4, 5 and 6 will be funded by the Debtors' separate incomes. Debtor Richard Dadasiewicz  
3 is a self-employed individual and will contribute his income to the plan. The proceeds of the sale of the  
4 Debtors' Windwalker property, which the Debtor estimates at no less than \$40,000, shall also fund the  
5 obligations to Class 2 under the Plan. Codebtor Denise Dadasiewicz will also contribute her income  
6 earned as an assistant manager of Elk North Hill, LLC. Finally, during the course of the bankruptcy case  
7 Debtors have carefully reviewed and reduced their expenses in preparation of the Plan. Although Mr.  
8 Dadasiewicz's income is not regular or fixed, Debtor believes that the obligations under the plan are  
9 manageable and account for his stratified monthly income.

10 **C. Effect of Confirmation of the Plan**

11 1. Vesting of Assets

12 Except as otherwise set forth in Article V of the Plan, on the Effective Date, all property of the  
13 Debtors' estate, including all claims and causes of action against third parties that arose prior to  
14 or after the Commencement Date, will vest in the respective Reorganized Debtors or such other  
15 entity as provided in the Plan. From and after the Effective Date, the Reorganized Debtors may  
16 operate their business and may use, acquire and dispose of property without the supervision of  
17 the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules,  
18 subject to the terms and conditions of the Plan. As of the Effective Date, all assets of the  
19 Reorganized Debtors will be free and clear of all Claims, liens, encumbrances, charges, and  
20 other interests, except as provided in the Plan or the Confirmation Order.

21 2. Compromise of Controversies

22 Pursuant to Bankruptcy Rule 9019, and in consideration for the classification.  
23 distribution, and other benefits provided under the Plan, the provisions of the Plan will constitute a good  
24 faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan.  
25 The entry of the Confirmation Order will constitute the Bankruptcy Court's approval of each of  
26 the foregoing compromises or settlements and all other compromises and settlements provided  
27 for in the Plan, and the Bankruptcy Court's findings will constitute its determination that such  
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1 compromises and settlements are in the best interests of the Debtors, their estates, creditors, and  
2 other parties in interest, and are fair, equitable, and within the range of reasonableness.

3 3. Binding Effect

4 Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code or in the  
5 Confirmation Order, and subject to the occurrence of the Effective Date, on and after the  
6 Confirmation Date, the provisions of the Plan will bind any holder of a Claim against or Equity  
7 Interest in the Debtors and their respective successors and assigns, whether or not the Claim or  
8 Equity Interest of such holder is impaired under the Plan and whether or not such holder has  
9 accepted the Plan. The rights, benefits and obligations of any entity named or referred to in the  
10 Plan whose actions may be required to effectuate the terms of the Plan will be binding on, and  
11 will inure to the benefit of, any heir, executor, administrator, successor or assign of such entity  
12 (including, but not limited to, any trustee appointed for the Debtors under chapters 7 or 11 of the  
13 Bankruptcy Code).

14 4. Discharge

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

21 If Confirmation of this Plan does not occur, the Plan shall be deemed null and void. In such  
22 event, nothing contained in this Plan shall be deemed to constitute a waiver or release of any  
23 Claims against Debtors or their estate or any other Persons, or to prejudice in any manner the  
24 rights of Debtors or their estate or any Person in any further proceeding involving Debtors or  
25 their estate. The provisions of this Plan shall be binding upon Debtors and all Creditors,  
26 regardless of whether such Claims are Impaired or whether such parties accept this Plan, upon  
27 Confirmation thereof.



1 **D. Non-Bankruptcy Litigation**

2 Debtors anticipate no non-bankruptcy litigation will occur after confirmation of the Plan, but  
3 reserves any causes of actions and claims it may be eligible to assert in the future.

4 **E. Avoidance Actions & Insider Transfers**

5 The Debtors have conducted a preliminary investigation of pre-petition transfers that may  
6 potentially be subject to avoidance and recovery, including transfers involving insiders and  
7 affiliates. To date, Debtors have not encountered any transfers of property of this estate which  
8 would allow an avoidable transfer action.

9 **F. Accounts Receivable**

10 The Debtors' Amended Schedule B lists and amount of \$59,409.26 account receivables arising  
11 from Debtor Richard Dadasiewicz's sole proprietorship consulting business Jets West. This  
12 amount was outstanding as of the Petition Date and was paid in full shortly thereafter.

13 **IV. CONFIRMATION AND CONSUMMATION PROCEDURE**

14 Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

15 **A. Voting Procedures and Solicitation of Votes**

16 The voting procedures and the procedures governing the solicitation of votes are described above  
17 in Section I.C., and in the Disclosure Statement Order, which has been sent to you with this  
18 Disclosure Statement if you are entitled to vote on the Plan.

19 **B. Confirmation Hearing**

20 The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on  
21 confirmation of a plan of reorganization. As set forth in the Disclosure Statement Order, the  
22 Confirmation Hearing has been scheduled for \_\_\_\_\_ commencing at \_\_\_\_\_ Arizona  
23 Local Time, before the Honorable Brenda Whinery, United States Bankruptcy Judge, in Room  
24 446 of the Bankruptcy Court located at 38 South Scott Avenue, Tucson, Arizona 85701. The  
25 Confirmation Hearing may be adjourned from time to time without further notice except for  
26 announcement of the adjourned date made at the Confirmation Hearing and filed with the  
27 Bankruptcy Court. Objections, if any, to confirmation of the Plan must be filed and served so  
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1 that they are received on or before \_\_\_\_\_ at 5:00 p.m. Any objection to confirmation  
2 must be made in writing and specify in detail the name and address of the objector. Objections  
3 to confirmation of the Plan are governed by Bankruptcy Rule 9014.

4 **C. Confirmation of the Plan**

5 In order to meet the requirements for confirmation, the Plan (among other things) must: (I) be  
6 accepted by all Impaired Classes of Claims and Equity Interests, or if rejected by an Impaired  
7 Class, not “discriminate unfairly” and be “fair and equitable” as to such class; (ii) be “feasible,”  
8 and (iii) be in the “best interests” of holders of Claims and Equity Interests in Impaired Classes.  
9 At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the  
10 requirements of chapter 11 of the Bankruptcy Code.

11 1. Acceptance

12 Classes 1, 2, and 5 are Impaired and the holders of those Claims may be entitled to receive  
13 distributions under the Plan. As a result, those holders of Claims are entitled to vote to accept or  
14 reject the Plan. In contrast, Class 3 and 4 are unimpaired under the Plan; consequently, holders of  
15 Claims in Classes 3 and 4 are conclusively presumed to have accepted the Plan and are not entitled to  
16 vote to accept or reject the Plan. Class 6 is impaired, but is not entitled to receive a distribution under  
17 the Plan and is therefore not entitled to vote to accept or reject the Plan. Class 7, the Debtors’  
18 Interest, is not entitled to vote under the Plan.

19 2. Feasibility

20 Section 1129(a)(11) of the Bankruptcy Code provides that a Chapter 11 plan may be  
21 confirmed only if the Bankruptcy Court finds that the plan is “feasible.” A feasible plan is one that  
22 will not lead to a need for further financial reorganization or liquidation of the Debtors, unless such  
23 reorganization or liquidation is proposed in the plan.

24 In order to determine whether the Plan satisfies the feasibility requirements of section  
25 1129(a)(11) of the Bankruptcy Code, the Debtor has analyzed its ability to meet its obligations  
26 under the Plan. As part of this analysis, the Debtor had prepared the projections set forth in  
27 Exhibit B hereto (the “Financial Projections”). Based upon the Financial Projections, the Debtors  
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1 believed that the Reorganized Debtors will be a viable entity following the Chapter 11 case, and  
2 thus, the Plan will meet the feasibility requirements of the Bankruptcy Code.

3 3. Best Interests Test

4 Often referred to as the “best interests” test, section 1129(a)(7) of the Bankruptcy Code  
5 requires the Bankruptcy Court to find, as a condition to confirmation of the Plan, that each holder of  
6 a Claim either: (I) has accepted the Plan; or (ii) will receive or retain under the Plan property of a  
7 value, as of the Effective Date, that is not less than the value such holder would receive or retain if  
8 the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

9 The starting point in determining whether the Plan meets the “best interests” test is a  
10 determination of the amount of proceeds that would be generated from the liquidation of the  
11 Debtor’s assets in the context of Chapter 7 liquidation (such amount, the “Liquidation Proceeds”).  
12 The Liquidation Proceeds must then be reduced by the costs of such liquidation, including costs  
13 incurred during the Chapter 11 Cases and allowed under Chapter 7 of the Bankruptcy Code (such as  
14 professionals’ fees and expenses, a chapter 7 trustee’s fees, and the fees and expenses of  
15 professionals retained by the chapter 7 trustee). The potential Chapter 7 liquidation distribution in  
16 respect to each Class must be reduced further by costs imposed by the delay caused by conversion to  
17 Chapter 7. In addition, inefficiencies in the claims resolution process in a Chapter 7 would  
18 negatively impact the recoveries of creditors. The net present value of a hypothetical Chapter 7  
19 liquidation distribution in respect of an impaired claim is then compared to the recovery provided by  
20 the Plan for such impaired claim.

21 Based on the Debtor’s preliminary liquidation analysis set forth as Exhibit C hereto (the  
22 “**Liquidation Analysis**”), the Debtor believes that in the event of a chapter 7 liquidation, the  
23 Debtors Liquidation Proceeds would amount to less than what would be available under the Plan.  
24 Therefore, the Debtor believes that each Impaired Class will receive under the Plan a recovery at  
25 least equal in value to the recovery such Impaired Class would receive pursuant to a liquidation of  
26 the Debtor under chapter 7 of the Bankruptcy Code.

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1           4.       Cramdown

2           Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a chapter 11  
3 plan of reorganization even if not all impaired classes have accepted the plan; provided that such  
4 plan has been accepted by at least one impaired class. The Debtors will seek to confirm the Plan  
5 notwithstanding its rejection by any of the Impaired Classes. In order to obtain such nonconsensual  
6 confirmation (or “cramdown”) of the Plan, the Debtors must demonstrate to the Bankruptcy Court  
7 that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each  
8 Impaired Class that voted to reject the Plan (each such Impaired Class, a “Non-Accepting Class”).

9           a.       Fair and Equitable Test

10           The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable,”  
11 and includes the general requirement that no class receive more than 100% of the amount of the  
12 allowed claims in such class. The “fair and equitable” test sets different standards for secured  
13 creditors, unsecured creditors, and equity holders, as follows:

14                               (I)     Secured Creditors

15           With respect to Non-Accepting Classes of Secured Claims, the “fair and equitable” test  
16 requires that (I) each impaired secured creditor retains the liens securing its allowed secured claim  
17 and receives on account of that claim deferred cash payments having a present value equal to the  
18 amount of its allowed secured claim; (ii) the property securing the claim is sold free and clear of  
19 liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds  
20 to be as provided in clause (I) above; and (iii) each impaired secured creditor realizes the  
21 “indubitable equivalent” of its allowed secured claim.

22                               (II)    Unsecured Creditors

23           With respect to Non-Accepting Classes of Unsecured Claims, the “fair and equitable” test  
24 requires that (I) each impaired unsecured creditor receives or retains under the Plan property of a  
25 value equal to the amount of its allowed claim; or (ii) the holders of any claims (or Equity Interests)  
26 that are junior to the Non-Accepting Class will not receive any property under the Plan. This  
27 provision is often referred to as the “absolute priority” rule.  
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b. No Unfair Discrimination

A plan does not “discriminate unfairly” with respect to a Non-Accepting Class if the value of the cash and/or securities to be distributed to the Class is equal to, or otherwise fair when compared to, the value of the distributions to other Classes whose legal rights are the same as those of the Non-Accepting Class. Exact parity is not required. The Debtors believe that any discrepancy in treatment or potential distributions to otherwise unsecured creditors is objectively small and justified based on certain inherent differences in the nature of their Claims, the time that will be required to liquidate their Claims, and the relative levels of risk that are being taken by different creditors simply based upon the time it will take to liquidate their Claims.

**D. Effective Date of The Plan**

The Effective date of the proposed Plan is 1st day of the month following the entry of the Confirmation Order confirming the Plan. For example, if the Confirmation Order were entered on June 1, 2016 the Effective date would be July 1, 2016. In this case, the Debtor anticipates the Confirmation Order to be entered no later than October 1, 2016.

**V. FINANCIAL PROJECTIONS**

The charts attached hereto as Exhibit B represent the Debtors’ estimates of the future performance of the Reorganized Debtors, for the sixty (60) months commencing the month after confirmation of the Plan.

**VI. RISK FACTORS**

**A. Certain Bankruptcy Considerations**

1. Risk of Non-Confirmation of the Plan

In order for the Reorganized Debtors to emerge successfully from the Chapter 11 Cases, the Debtors, like any other Chapter 11 Debtors, must obtain approval of the Plan from their creditors and confirmation of the Plan through the Bankruptcy Court, and then successfully implement the Plan. The foregoing process requires the Debtor to (a) meet certain statutory requirements with respect to the adequacy of this Disclosure Statement; (b) solicit and obtain creditor acceptances of the Plan; and (c) fulfill other statutory conditions with respect to the confirmation of the Plan.

1 The Debtors may or may not receive the requisite acceptances to confirm the Plan. If the  
2 requisite acceptances of the Plan are received, the Debtor will seek confirmation of the Plan by the  
3 Bankruptcy Court. In the event of an impaired non-accepting class, the Debtors  
4 shall evaluate all possible options with respect to overcoming the absolute priority rule including, but  
5 not necessarily limited to, revocation of the Plan, contribution of additional revenue to fund plan  
6 obligations and conversion to a case under another Chapter of the Bankruptcy Code.

7 Even if the requisite acceptances of the Plan are received, or the Debtors are able to seek a  
8 “cramdown” confirmation, the Bankruptcy Court may not confirm the Plan as proposed. A holder of  
9 a Claim in a Non-Accepting Class could challenge the balloting procedures and results as not being  
10 in compliance with the Bankruptcy Code. Even if the Bankruptcy Court determined that the balloting  
11 procedures and results were appropriate, the Bankruptcy Court could decline to confirm the Plan if it  
12 found that any of the statutory requirements for confirmation had not been met. Specifically, section  
13 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other  
14 things, a finding by the Bankruptcy Court that:

15 (a) confirmation of the Reorganized Debtor’s Plan is not likely to be followed  
16 by a liquidation or a need for further financial reorganization of the Reorganized Debtors;

17 (b) the value of distributions to holders of Claims within an Impaired Class  
18 will not be less than the value such holders would receive if the Debtor was liquidated under  
19 Chapter 7 of the Bankruptcy Code; and

20 (c) in the event of a “cramdown” confirmation, the Plan  
21 does not unfairly discriminate” and is “fair and equitable” with respect to Non-Accepting Classes.  
22 The Bankruptcy Court may determine that the Plan does not satisfy one or more of these applicable  
23 requirements, in which case the Plan could not be confirmed by the Bankruptcy Court as presently  
24 composed.

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1           **B. Business Risks**

2           The Financial Projections are the Debtors' best and most realistic future  
3 performance estimates. Payments contemplated by the Plan are made based on conservative  
4 Financial Projections. Inherent in this Plan are standard business risks. The Debtor's business  
5 operations have historically been, and business operations may in the future be, materially affected by  
6 adverse conditions in the Debtors' specific marketplace and depressed economic conditions generally.  
7 Despite these risks, the Debtors' Plan is workable, viable and economically sound. The Plan will pay  
8 creditors more than they would receive if the Plan were not confirmed, and these bankruptcy estates  
9 were liquidated.

10       **VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

11           **A. Liquidation Under Chapter 7**

12           In the event the Chapter 11 Case is converted to cases under chapter 7 of the Bankruptcy  
13 Code, in which case a trustee would be appointed to liquidate any remaining assets of the Debtor for  
14 distribution to creditors pursuant to chapter 7 of the Bankruptcy Code, all creditors holding Allowed  
15 General Unsecured Claims likely would receive distributions of a much lesser value on account of  
16 their Allowed Claims and would have to wait a longer period of time to receive such distributions  
17 than they would under the Plan.

18       **VIII. TAX CONSEQUENCES OF THE PLAN**

19           THE DEBTORS HAVE NOT OBTAINED A TAX OPINION AND DO NOT EXPRESS ANY  
20 OPINION AS TO THE U.S., FEDERAL, STATE AND LOCAL TAX CONSEQUENCES  
21 EXPECTED TO RESULT FROM IMPLEMENTATION OF THE PLAN. ALL HOLDERS  
22 OF ALLOWED CLAIMS AND OTHER INTERESTED PARTIES ARE URGED TO  
23 CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX  
24 CONSEQUENCES EXPECTED TO RESULT FROM THE IMPLEMENTATION OF  
25 THE PLAN. BECAUSE THE DEBTORS EXPRESS NO TAX ADVICE, IN NO EVENT  
26 WILL THE DEBTORS OR THEIR PROFESSIONAL ADVISORS BE LIABLE FOR ANY  
27 TAX CONSEQUENCES OF THE PLAN. CREDITORS MUST LOOK SOLELY TO AND  
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1 RELY SOLELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF  
2 THIS PLAN.

3 **IX. CONCLUSION AND RECOMMENDATION**

4 The Debtors have provided a reasonable and orderly repayment of its secured and unsecured  
5 debts, inclusive of all known and asserted Claims against the Debtors. The Debtors desire and intend to  
6 provide a mechanism to retain its business interests and assets is consistent with the purposes of the  
7 Bankruptcy Code. The plan may satisfy the Code even though the plan may not be one which the creditors  
8 would themselves design. The purpose of the Bankruptcy Code is to prevent confirmation of visionary  
9 schemes that promise creditors more than the Debtors can possibly attain post-confirmation. The Debtors will  
10 have sufficient income and cash flow during the life of Debtors' Plan, to make the anticipated distributions  
11 and loans that will fund the Debtors' Plan. The Plan has a reasonable prospect of success and is not likely to  
12 be followed by liquidation, or the need for further financial reorganization. As such, the Debtors' Plan meets  
13 the feasibility requirement. The Debtors believe that confirmation and implementation of the Plan is  
14 preferable to any of the alternatives described above because it will provide the greatest and quickest  
15 recoveries to holders of Claims. Other alternatives would involve significant delay, uncertainty and  
16 substantial additional administrative costs. The Debtors urge holders of impaired Claims entitled to  
17 vote on the Plan to accept the Plan and to evidence such acceptance by returning their Ballots so that  
18 they will be received no later than \_\_\_\_\_.

19

20 Dated this 14th day of November 2016.

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LAW OFFICES OF C.R. HYDE, PLC

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By: /s/ C.R. Hyde

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C.R. Hyde, Attorney for Debtors

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