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8 **Attorney for Debtor**

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

11 **In re:**)
12) **In Proceedings Under Chapter 11**
13 **BECK & BECK ENTERPRISE, INC,**)
14) **Case No.: 2:15- 15092 - MCW**
15 **Debtor(s).**)
16)
17)
18)

19 **DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT**
20 **OF DECEMBER 29, 2016**

21 **ARTICLE I**

22 **INTRODUCTION AND REPRESENTATIONS**

23 **1.1 INTRODUCTION.**

24 Debtor, BECK & BECK ENTERPRISE, INC , ("Debtor"), has prepared and is disseminating
25 this First Amended Disclosure Statement (the "Disclosure Statement") in accordance with Section 1125 of the
26 Bankruptcy Code to holders of Claims against Debtor for the purpose of soliciting acceptances of
27 Debtor's First Amended Plan of Reorganization (the "Plan").

28 Debtor believes this First Amended Disclosure Statement contains adequate information for its
creditors to arrive at an informed decision in exercising their right to vote for acceptance of the Plan. A copy
of the First Amended Plan accompanies this First Amended Disclosure Statement, and is attached hereto and
incorporated herein.

**THE FIRST AMENDED DISCLOSURE STATEMENT IS NOT THE PLAN. THIS
DISCLOSURE STATEMENT, TOGETHER WITH THE FIRST AMENDED PLAN ATTACHED HERETO,**

1 SHOULD BE READ IN ITS ENTIRETY, FOR THE CONVENIENCE OF CREDITORS AND
2 PARTIES-1N-INTEREST. THE TERMS OF THE FIRST AMENDED PLAN ARE SUMMARIZED IN
3 THIS FIRST AMENDED DISCLOSURE STATEMENT. BUT ALL SUMMARIES ARE QUALIFIED IN
4 THEIR ENTIRETY BY THE PLAN ITSELF, WHICH IS CONTROLLING IN THE EVENT OF ANY
5 INCONSISTENCIES.

6 The United States Bankruptcy Court for the District of Arizona will set a hearing on confirmation of the
7 Plan in the United States Federal Courthouse, 230 N. First Avenue, Suite 101, Phoenix, Arizona.

8 1.2 VOTING ON PLAN

9 Creditors may vote on the First Amended Plan by completing and delivering the ballot form to the Court
10 and to the counsel listed below at least five business days prior to the hearing date. EXECUTED BALLOTS
11 MUST BE RECEIVED NO LATER THAN 5:00 P.M., MOUNTAIN STANDARD TIME, ON THE DUE
12 DATE. SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT BALLOTS BE MAILED OR
13 DELIVERED WELL IN ADVANCE OF THE SPECIFIED DATE. ANY BALLOTS RECEIVED AFTER
14 THE DUE DAY MAY NOT BE INCLUDED IN ANY CALCULATION TO DETERMINE WHETHER
15 DEBTORS' CREDITORS HAVE VOTED TO ACCEPT OR REJECT THE FIRST AMENDED PLAN.

16 Ballots should be mailed as follows:

17 Clerk of the United States Bankruptcy Court
18 230 N. First Avenue
19 Phoenix, Arizona 85003

20 With a copy mailed to:

21 Bert L. Roos, Esq.
22 5045 N. 12th Street, Ste. B
Phoenix, Arizona 85014

23 The votes of creditor are important. For a Class of Claims to accept the First Amended Plan,
24 acceptances must be filed by at least two-thirds in the amount and more than one-half in number of the
25 Allowed Claims of such Class that actually vote on the Plan.

26 If the requisite acceptance of each Class of Claims are obtained and the First Amended Plan is
27 confirmed, the Plan will be binding with respect to all holder of Claims of each Class, including
28 members who did not vote or who voted to reject the Plan.

1 Acceptance of the First Amended Plan is sought only from holder of Claims which Claims are
2 impaired by the Plan; that is, acceptance is solicited only from those creditors and parties-in-interest
3 whose legal, equitable or contractual rights are altered by the Plan, or who will not receive under the
4 Plan, the amount of their allowed claims. Holders of Claims, which are not impaired under the Plan, are
5 deemed to have accepted the Plan. 11 U.S.C. § 1126.

6 If the First Amended Plan is rejected by one or more impaired Classes of Claims held by
7 Debtor's creditors, the Plan or a modification thereof may still be confirmed by the Court at the request
8 of Debtor if the Court determines, among other things, that the Plan does not discriminate unfairly and is
9 "fair and equitable" with respect to such rejection Class or Classes of Claims impaired by the Plan.
10 Debtor has requested such a determination if the Plan or a modification thereof is not accepted by one or
11 more of the impaired Classes of Claims.

12 The First Amended Plan must be affirmatively accepted by at least one of the impaired classes of
13 Claims. DEBTOR RECOMMENDS THAT ALL CREDITOR VOTE TO ACCEPT THE PLAN.

14 1.3 REPRESENTATIONS.

15 NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE FIRST AMENDED PLAN ARE
16 AUTHORIZED OTHER THAN AS SET FORTH HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS
17 TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED HEREIN SHOULD
18 NOT BE RELIED UPON BY YOU.

19 THE INFORMATION CONTAINED HEREIN HAS NOT BEEN REVIEWED OR PASSED UPON BY
20 AN ACCOUNTANT. DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION
21 CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH ALL SUCH INFORMATION IS
22 ACCURATE TO DEBTORS' BEST KNOWLEDGE, INFORMATION AND BELIEF.

23 THE COURT HAS NOT VERIFIED THE ACCURACY OF THE INFORMATION CONTAINED
24 HEREIN, AND THE COURT'S APPROVAL OF THIS FIRST AMENDED DISCLOSURE STATEMENT DOES
25 NOT IMPLY THAT THE COURT ENDORSES OR APPROVES THE FIRST AMENDED PLAN. BUT ONLY
26 THAT IF THE INFORMATION IS ACCURATE, IT IS SUFFICIENT TO PROVIDE AN ADEQUATE BASIS
27 FOR CREDITORS TO MAKE INFORMED DECISIONS WHETHER TO APPROVE OR REJECT THE PLAN.

28 1.4 DEFINITIONS.

Most words or phrases used in this First Amended Disclosure Statement shall have their usual and
customary meanings. Some words or phrases with initial capital letters shall have the definitions set forth in the

1 Plan. Unless otherwise defined, the terms used in this Disclosure Statement shall have the same meaning as in the
2 Bankruptcy Code or Bankruptcy Rules.

3 1.5 OVERVIEW OF THE PLAN.

4 Debtor Beck & Beck Enterprise, Inc., proposes under their First Amended Plan of Reorganization to pay
5 the Internal Revenue Service and the Arizona Department of Revenue their priority and secured amounts in full and
6 the unsecured portion, if any, according to its proportionate share along with all other unsecured creditors, to pay
7 that portion of any secured debt to the extent of the value of the security interest, and to pay the unsecured creditors
8 that file claims two (2%) percent of their unsecured claim. There are additional secured debts: The first secured debt
9 is secured by JP Morgan Chase Bank, and is secured by a Commercial Security Agreement, UCC-1 Financing
10 Statement against certain fixtures and equipment located at the Koala-Ty Custom Cleaners location at 20831 N.
11 Scottsdale, Road #103, in Scottsdale, Arizona. This is the Debtor's primary location wherefrom the Debtor operates
12 a dry cleaning facility or "Plant". The value of the used equipment secured by this Creditor at the time of the filing
13 of the bankruptcy was estimated to be \$36,000.00 (see Schedule B) by the Debtor. This estimated value was based
14 upon information obtained by the Debtor from the managements experience in owning and operating Dry Cleaning
15 facilities for over nine (9) years and from checking the current values of used dry cleaning equipment through trade
16 publications. Debtor will be attempting to negotiate their debts with the Creditor and if unsuccessful will file
17 appropriate proceeding herein.

18 The second secured debt is with James Mizera and is partially secured by used dry cleaning equipment
19 located at one of the drop stores locations. This location is a drop location and only consists of a used conveyor
20 system and controller and some miscellaneous items listed In Exhibit 1. This equipment could be replaced for
21 \$4,000.00 based upon research and information obtained by management at one time. There was additional security
22 for this debt at one time which was located at a closed location. The location was closed by the Debtor and the
23 equipment was returned to Mr. Mizera. Upon information and belief Mr. Mizera has sold the equipment from the
24 closed location but for a significantly less amount than the remaining balance of the note. Mr. Mizera has not filed
25 a proof of claim.

26 The U.S. Trustee's office has filed a claim for \$2,275.00 for fees from the Debtor's previously filed Chapter
27 11 case.

28 **ARTICLE II**

1 **HISTORY AND BUSINESS OF DEBTOR**

2 2.1 NATURE OF DEBTORS BUSINESS.

3 Debtor, Beck & Beck Enterprise, Inc is a dry cleaning business and has been operating in Arizona since
4 June of 2007, the business has been under the primary management of Bo and Patrick Beck. They currently have 5
5 locations. Two locations have a dry cleaning plant and the other 3 locations are for drop off and pick up.

6 2.2 OWNERSHIP OF BUSINESS.

7 Bo Beck, is the only shareholder of Beck & Beck Enterprise, Inc., an Arizona Corporation.

8 2.3 ASSETS OF THE ESTATE.

9 A. Personal Property.

10 An itemized list of Debtor's personal property as filed with the Bankruptcy Court is attached as Exhibit 2.

11 The value of the used Equipment was estimated by the Debtor's management to be \$36,000.00 (Schedule B,
12 Item 29 and see itemization provided in Exhibit 2. They also have a point of Sales system in their Lone Mountain,
13 Stetson, and DC Ranch locations. The value of this equipment at the time of filing was \$8,000.00 (Schedule B, Item
14 4). At the time of filing the Petition the Debtor held \$67.14 in its Alliance Bank of Arizona bank accounts. The
15 Debtor also had security deposits with utility companies A.P.S. \$5,000.00, and Southwest Gas \$7,945.00. They also
16 had security deposits with two of its landlords as follows YAM \$6,650.00 and DC Ranch \$2,750.00. The total value
17 of personal property in the Estate at the time of filing was \$71,412.14.

18 All of the personal property listed is available for the reorganization of Debtor subject to the liens of JP
19 Morgan Chase and Jim Mizera. If an agreement is not reached with Mr. Mizera than Debtor would purchase used
20 equipment to continue operating that Drop store location and the cost to do so is estimated to be between \$3,000.00
21 to \$4,000.00. This does not have a significant impact on the First Amended Plan.

22 The total value of personal property at the time of filing was \$71,412.14.

23 As of November 30, 2016 the Debtor had \$655.94 and \$1,792.55 in their Alliance Bank accounts (See
24 Exhibit 3C, Business Monthly Reports for November 30, 2016.)

25 After the filing of the Petition Debtor has generated sales Revenue of \$859,295.98 for the time period
26 January 1, 2016 through November 30, 2016 (Exhibit 4) while downsizing its operations to 5 locations from the
27 original 9 locations. Prior to filing the Petition Debtor had generated \$758,033.19 in sales revenue for the time
28 period January 1, 2015 through August 31, 2015. The significance of this is that despite downsizing the number of

1 locations their gross revenues have only decreased by approximately 17% (see August 31, 2015 Financial Statement
2 Exhibit 5, Page 4 and November 30, 2016 Exhibit 4, Page 4). In addition to this the Debtors' Operating Expenses
3 have decreased by an Average of \$16,500.00 per month (Also see Exhibits 4 & 5, P. 4).

4 2.4 EVENTS PROMPTING BANKRUPTCY FILING.

5 The bankruptcy filing was occasioned by the downturn in the economy, increased competition, leases that were
6 not competitive given the marketplace, the delinquency and filing of a lawsuit regarding a Small Business loan which is
7 secured by the equipment located at the Koala-Ty location, and a purchase carryback loan for one of the previous
8 locations which was not financially feasible. The Debtor's primary source of funds is from the operation of its dry
9 cleaning and laundry locations.

10 **ARTICLE III**

11 **DEVELOPMENTS FOLLOWING FILING OF BANKRUPTCY PETITION**

12 3.1 POST PETITION DEVELOPMENTS AND ANTICIPATED FUTURE.

13 This is the second filing of a Chapter 11 proceeding by the Debtor. That case number was 2:15-BK-
14 08655. The original case was filed on July 10, 2015 and was dismissed on October 23, 2015.

15 Since the time of filing the second Petition, Debtor has employed the services of Attorney Bert L.
16 Roos to represent the Debtor in this case and has employed the services of Dukmo Sung, CPA to provide
17 payroll services and to prepare monthly operating reports.

18 Debtor has been streamlining the operation of its business by downsizing from 9 locations to 5
19 locations and this has led to decreased monthly operating costs as stated previously herein. The Debtor has
20 also renegotiated the leases for 3 of the remaining locations further reducing monthly operating expenses.
21 Two of the 5 locations operate a dry cleaning plant on the premises, the other 3 locations are just drop off
22 locations.

23 The Debtor is working on reducing the monthly Costs of Goods Sold expense to further provide
24 funding for the Plan

25 Some of the Debtor's Dry Cleaning Equipment is over 17 years old and some of the equipment may
26 need to be replaced during the course of the Plan. The primary replacement would be the cooling tower
27 located at the Koala-Ty location. Debtor does not believe that the replacement of some of the equipment
28

1 will have any significant impact on the First Amended Plan. The cost of replacement would be absorbed by
2 what is usually allocated for maintenance and repair of the equipment.

3 3.2 FINANCIAL HISTORY

4 For the financial history of Beck & Beck Enterprise, Inc., also, see the three most recent monthly
5 operating reports (Exhibit 3 a, b, c) and Financial Statements as of November 30, 2016 (Exhibit 4)..

6 Pursuant to the November 30, 2016 Financial Statement and Debtor's August 31, 2015 Financial
7 Statements (Exhibits 4 & 5) After the filing of the Petition Debtor has generated sales Revenue of \$859,295.98 for
8 the time period January 1, 2016 through November 30, 2016, while downsizing its operations to 5 locations from
9 the original 9 locations. Prior to filing this Petition, Debtor had generated \$758,033.19 in sales revenue for the time
10 period January 1, 2015 through August 31, 2015. The significance of this is that despite downsizing the number of
11 locations their gross revenues have only decreased by approximately 17% (see August 31, 2015 Financial Statement
12 Exhibit 5, Page 4 and November 30, 2016 Exhibit 4, Page 4). In addition to this the Debtors' Operating Expenses
13 have decreased from an Average of \$16,500.00 per month (Also see Exhibits 4 & 5, P. 4).

14 Debtors Net Profit before taxes for the time period January 1, 2016 through November 30, 2016 is
15 \$23,209.80 (Exhibit 4, P.4). This is an average of \$2,109.98 per month available to fund the Plan.

17 ARTICLE IV

18 PLAN OF REORGANIZATION

19 4.1 CLASSIFICATION OF CLAIMS AND INTERESTS

20 A copy of the Debtor's First Amended Plan of Reorganization is attached and incorporated herein.
21 Under the Debtor's First Amended Plan of Reorganization, all allowed claims and allowed interests are placed
22 in the following Classes.

23 A. PRIORITY CLAIMS.

24 1. Class A1 Allowed Wage Claims. Class A1 consists of all Allowed Wage Claims which are for
25 wages, salaries, commissions, including vacation pay, severance and sick leave pay of the kind and in the
26 amount specified in §507(a)(3) of the Code. **No such claims exist.**

1 2. Class A2: Allowed Tax Claims. Class A2 consists of all Allowed Tax Claims of governmental
2 units of the kind specified in Section 507(a)(8) of the Code. Internal Revenue Service in the amount of
3 \$19,923.11, and Arizona Department of Revenue in the amount of \$13,967.23.

4 B. SECURED CLAIMS.

5 The following classes of claims include only claims to the extent allowable as secured claims against
6 property of the Debtor under §506 of the Bankruptcy Code or by Court Order.

7 1. Class B1: JP MORGAN CHASE BANK, NA. Class B1 consists of that portion of the
8 Allowed Secured Claim of JP MORGAN CHASE BANK, NA in the amount of \$137,769.04 which is
9 secured by the 17 year old equipment located at its Koala-Ty location at 20831 N. Scottsdale Rd. #103,
10 Scottsdale Arizona 85255. Debtor believes the value of this used equipment is \$36,000.00 and that any
11 amount owed over \$36,000.00 (\$101,769.04) is unsecured.

12 2. Class B2: Internal Revenue. Class B2 consists of all Allowed Tax Claims of Internal
13 Revenue Service in the amount of \$15,128.45, which is secured by a lien on Debtor's personal property.

14 3. Class B3: NONE

15 C. UNSECURED CLAIMS.

16 1. Class C1: Disputed Unsecured Claims. Class C1 consists of those unsecured claims, which
17 are contingent, unliquidated and disputed which are subject to final determination through the claims
18 adjudication process. As of this date the only unsecured claims filed are a certain portion of the
19 Department of the Treasury, Internal Revenue Service's claim which it has designated as \$16,593.80, that
20 portion of the Arizona Department of Revenue's claim of \$13,967.23, and the United States Trustees
21 Offices for \$2,275.00.

22 Debtor anticipates that \$101,769.04 of JP Morgan Chase bank's \$137,769.04 claim will be
23 designated as unsecured. If this can not be resolved with the Creditor, Debtor will file to dispute the
24 amount of this claim.

25 2. Class C2: General Unsecured Claims. Class C2 consists of all general unsecured claims
26 against the Debtor not included in Class C1. None at this time.

27 4.2 TREATMENT OF NON-CLASSIFIED CLAIMS ADMINISTRATIVE EXPENSES.

1 The holders of Claims entitled to priority under §507(1) of the Bankruptcy Code, including entities
2 entitled to payment pursuant to Bankruptcy Code §503, and professionals employed by the Debtor prior to or
3 after the entry of the Confirmation Order, shall receive cash in the amount of such claim (i) within three
4 months after the Effective Date, (ii) at the option of Debtor, in accordance with the ordinary business terms
5 of payment of such Claims, or (iii) at such time and/or in such amounts as the Debtor and the holders of
6 such Allowed Claims shall agree. Debtor's counsel shall file an application for fees through confirmation.

7 4.3 TREATMENT OF CLASSIFIED CLAIMS.

8 All claims shall be treated, settled, satisfied, discharged and resolved in accordance with the following
9 provisions:

10 A. Priority Claims.

11 1. Class A1: Priority - Wages. Class A1 consists of all Allowed Wage Claims, which are for
12 wages, salaries, commissions, including vacation pay, severance and sick leave pay of the kind and in the
13 amount specified in §507(a)(3) of the Code. No such claims exist.

14 2. Class A2: Allowed Tax Claims. Class A2 consists of all Allowed Tax Claims of
15 governmental unit of the kind specified in Section 507(a)(8) of the Code. Internal Revenue Service in
16 the amount of \$19,923.11, and Arizona Department of Revenue in the amount of \$13,967.23 shall be
17 paid over 44 months

18 B. Secured Claims.

19 1. Class B1: JP MORGAN CHASE BANK, NA. Class B1 shall be paid the amount of
20 \$36,000.00 of their \$137,769.04 claim over 60 months. The Holder of the Class B1 Claim shall retain its
21 lien securing such claim, the balance of the claim, \$101,769.04, shall be treated as unsecured.

22 2. Class B2: Internal Revenue. Class B2 shall be paid the amounts of \$15,128.45 to the
23 Internal Revenue Service, over the next 48 months.

24 3. Class B3: None

25 C. Unsecured Claims.

26 1. Class C1: Disputed Unsecured Claims. Class C1 will be decided upon, either in pending litigation
27 or by agreement of the parties.

1 Based upon the Debtor's November 30, 2016 Financial Statements (Exhibit 4) Debtor currently has
2 available average monthly revenue from its sales of \$2,109.90 per month to fund the Plan. Debtor also believes
3 that further reductions in monthly wages by \$500.00 to \$1,000.00 can provide additional monthly revenue to fund
4 the Plan within a 72 month period of time and to pay the Department of the Treasury, IRS and Arizona
5 Department of Revenue within 44 months.

6 5.3 RETENTION OF CLAIMS

7 The Plan provides that pursuant to 11 U. S. C. § 1123 (b)(3), the Debtors shall retain and may enforce the
8 claims they held pre-petition.

9 **ARTICLE VI**

10 **ACCEPTANCE AND CONFIRMATION OF PLAN**

11 6.1 CONFIRMATION POSSIBLE WHERE CLASS DOES NOT ACCEPT.

12 The Court will be asked to confirm as to any Class of claims that does not accept the First Amended Plan.
13 To do so, the Court must find that the Plan: (1) is fair and equitable with respect to each Class of claims that is
14 impaired and has not accepted the Plan; and (2) that each holder of a claim receives or retains under the Plan, on
15 account of such Claim, property of a value, as of the Effective date of the Plan, that is not less than the amount that
16 would be received or retained if the Debtor's property were liquidated under Chapter 7 of Title 11 of the Bankruptcy
17 Code.

18 6.2 BEST INTEREST TEST.

19 The Debtor believes that the "Best Interest Test" imposed by 11 U.S.C. § 1129(a)(7) is satisfied by the
20 First Amended Plan. That is, each holder of a claim will receive at least as much as such holder would
21 receive in a Chapter 7 liquidation.

22 6.3 FAIR AND EQUITABLE TEST.

23 If a class of Secured claims does not accept the First Amended Plan, the Bankruptcy Code provides that
24 the fair and equitable requirement of 11 U.S.C. § 1129(b) is satisfied if the Class retains its lien and receives
25 deferred cash payments of a present value equal to the value of the claimant's secured interest in Debtor's property.
26 Debtor believes this requirement is satisfied as to each class of Secured Claims, because the Plan provides for each
27 holder to receive the value of its interest in its collateral together with interest at the existing rate.
28

1 **ARTICLE VII**

2 **TAX CONSEQUENCES**

3 IN NO EVENT WILL THE DEBTOR OR ANY AFFILIATES OR PROFESSIONAL ADVISORS
4 ENGAGED BY ANY OF HIM BE LIABLE IF, FOR ANY REASON, THE TAX CONSEQUENCES OF THE
5 FIRST AMENDED PLAN ARE OTHER THAN AS ANTICIPATED. CREDITORS MUST LOOK SOLELY TO
6 AND RELY UPON THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF THIS PLAN.
7

8 **ARTICLE VIII**

9 **LIQUIDATION ANALYSIS**

10 **"BEST INTEREST" TEST AND LIQUIDATION ANALYSIS.**

11 Unless all impaired creditors or interest holders accept, in order to confirm the First Amended Plan of
12 Reorganization the Bankruptcy Court must independently determine that the Plan is in the best interest of all creditors
13 or interest holders which do not accept the Plan. The "best interest" test requires that the Plan provide to each
14 member of each class of unsecured claims recovery that has a present value at least equal to the present value of the
15 Distribution, which each such claimant would receive if the Debtor was instead liquidated under Chapter 7 of the
16 Bankruptcy Code.

17 In other words, the issue is whether the creditors and equity interest holders will receive as much
18 under the Plan as they would from a Trustee's liquidation pursuant to Chapter 7.

19 A Liquidation Analysis is attached to this Disclosure Statement as Exhibit 6.

20 In performing this analysis, the Bankruptcy Court must first determine the dollar amount that would be
21 generated from a Chapter 7 liquidation of Debtor's assets, add this amount to cash held by the Debtor and to be
22 recovered on actions against third parties, then deduct the costs of liquidation.

23 Under the Plan of Reorganization, all of the Debtor's creditors will be paid pursuant to the value
24 of the secured claim. Obviously, creditors would not receive more than this amount under a liquidation.
25 Moreover, if the Debtor was to be liquidated in a Chapter 7 case, the Debtor believes that the chances of
26 creditors receiving full payment are remote. A court-appointed trustee with no prior knowledge of the
27 Debtor, his business operations (or transactions which would fund the Distributions to creditors) would
28 liquidate the assets of Debtor and Distribute the proceeds in accordance with the legal priorities established

1 under the Bankruptcy Code. All expenses of the Chapter 7 case, including fees of the Trustee, his or her
2 counsel, accountants and any other professionals appointed in the Chapter 7 case must be paid in full before any
3 Distribution is made on account of expenses and claims in the Chapter 11 case, which in turn must be paid
4 before any Distribution is made to pre-petition creditors.

5 Debtor believes that the Distributions under a Chapter 7 liquidation would be significantly less than the
6 Debtor's projected Distributions under the First Amended Plan, and that the costs associated with a Chapter 7
7 liquidation would be substantially greater than the projected costs of consummating the Plan, primarily because
8 a Chapter 7 liquidation would add another layer of costs and expenses to this one. A Chapter 7 Trustee would have
9 no familiarity with the Debtor's business operations and would necessarily incur a substantial amount of fees in
10 becoming educated on the complexities of this business. Moreover, the Chapter 7 Trustee would require as
11 much assistance, if not more, from outside counsel and other professionals as the Debtor will require to
12 consummate the Plan. Assuming the Chapter 7 Trustee were to hire different professionals, they would also incur an
13 exorbitant amount of additional fees in making the transition and familiarizing themselves with the bankruptcy and
14 all related matters. Accordingly, such increased fees and expenses would considerably lower the return to creditors
15 in a Chapter 7 case as compared with the expected Distributions under the First Amended Plan.

16 In addition, a conversion to Chapter 7 would delay Distributions to creditors. The Chapter 7
17 Trustee, like Debtor, might decide to proceed with litigation against various creditors on preference, fraudulent
18 conveyance and subordination theories. However, under the Plan, Debtor will make Distributions prior to the
19 resolution of all such claims. In contrast, no Distributions are generally made in a Chapter 7 case until all of the
20 assets of and claims against the estate have been liquidated, a process that could take several years. It is unusual for
21 a Distribution to be made within two years of the appointment of a Chapter 7 Trustee in a case involving substantial
22 assets or claims. The First Amended Plan, on the other hand, provides for immediate Distributions and interim
23 Distributions thereafter, until the Plan is consummated. In short, the delay posed by a Chapter 7 liquidation would
24 further impair the value of any Distribution made to secured or unsecured creditors under such liquidation as
25 compared with Distributions made under Debtor's Chapter 11 Plan of Reorganization.

26 **ARTICLE IX**

27 **REQUIREMENTS RESPECTING U.S. TRUSTEE**

1 1. All quarterly fees owing to the United States Trustee and/or other administrative expenses will
2 be paid in a timely manner as of the effective date of the First Amended Plan.

3 2. All quarterly fees to the United States Trustee, post-confirmation, pursuant to 28 U.S.C. § 1930, as
4 amended, will be paid in a timely manner.

5 3. Post-confirmation financial reports on a quarterly basis, with a copy to the Office of the
6 United States Trustee, will be filed in a timely manner.

7 **ARTICLE X**

8 **RECOMMENDATION OF FIRST AMENDED PLAN PROPONENT**

9 The Debtor recommends that the Plan of Reorganization be approved. Under the Plan, secured
10 creditors of the estate will be paid the amount of the debtor's personal property. In light of the alternative of
11 litigation, which might generate insufficient funds to pay even secured claims, Debtor believes that the Plan is in
12 the best interest of all creditors and parties-in-interest.

13 RESPECTFULLY SUBMITTED this 29th day of December 2016.

14
15 /s/ Bo Beck _____
16 Debtor, Beck & Beck Enterprise, Inc, President

17
18 /s/Bert L. Roos _____
19 Bert L. Roos, Esq.
20 Attorney for Debtor

21 COPY of the foregoing mailed
22 this 29th day of December 2016, to:

23 EDWARD K. BERNATAVICIUS, ESQ.
24 Trial Attorney
25 OFFICE OF THE UNITED STATES TRUSTEE
26 230 N. FIRST AVE., #204
27 PHOENIX, AZ 85003

28 BECK & BECK ENTERPRISE, INC
PATRICK & BO BECK
20831 N. Scottsdale Rd. #103
Scottsdale, AZ 85255

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Internal Revenue Service
Department of the Treasury
Cincinnati, OH 45999-0029

ARIZONA DEPARTMENT OF REVENUE
P.O. Box 29010
PHOENIX, AZ. 85038-9010

ARIZONA DEPARTMENT OF REVENUE
Attention BK Payment Unit
c/o 1275 W. Washington St.
Phoenix, AZ 85007-2926

JP MORGAN CHASE BANK, NA
c/o POLI & BALL, PLC
2999 N. 44th St. Ste. 500
Phoenix, AZ 85018

ALL PARTIES ON THE MASTER MAILING MATRIX

By /s/Theresa Bailey