

1 Thomas H. Allen, State Bar #11160  
Khaled Tarazi, State Bar #32446  
2 **ALLEN BARNES & JONES, PLC**  
1850 N. Central Ave., Suite 1150  
3 Phoenix, Arizona 85004  
Ofc: (602) 256-6000  
4 Fax: (602) 252-4712  
Email: [tallen@allenbarneslaw.com](mailto:tallen@allenbarneslaw.com)  
5 [ktarazi@allenbarneslaw.com](mailto:ktarazi@allenbarneslaw.com)

6 Attorneys for Debtor

7 **UNITED STATES BANKRUPTCY COURT**

8 **DISTRICT OF ARIZONA**

9 In re:	Chapter 11
10 FARMER'S MECHANICAL SERVICES, LLC,	Case No. 0:16-bk-11740-SHG
11 Debtor.	<b>DEBTOR'S REVISED DISCLOSURE STATEMENT DATED JUNE 26, 2017</b>

12  
13 Farmer's Mechanical Services, LLC, debtor and debtor-in-possession ("Debtor") in the  
14 above-captioned chapter 11 bankruptcy case ("Case"), hereby submits its *Revised Disclosure*  
15 *Statement Dated June 26, 2017* ("Disclosure Statement") to assist Creditors in making informed  
16 decisions when voting on the *Debtor's Plan of Reorganization Dated April 10, 2017* ("Plan"),  
17 attached hereto as **Exhibit A**.

18 **ARTICLE 1**

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

20 **1.1 Purpose of the Disclosure Statement.**

21 This Disclosure Statement sets forth certain information regarding the Debtor's pre-petition  
22 history, its assets, significant events that have occurred during the Case, a summary of the Plan,  
23 including when and how Creditors will be paid, and a brief discussion of the confirmation process  
24 and the voting procedures that holders of Claims in impaired Classes must follow for their votes to  
25 be counted. The information provided herein is true and accurate based upon the Debtor's personal  
26 knowledge, information, and belief, as attested to by the Debtor's signature below.

27 ///

28 ///

{00025677}

1 The primary purpose of this Disclosure Statement is to provide adequate information to  
2 those Creditors who are eligible to vote on the Plan so they may make a reasonably informed  
3 decision with respect to exercising their rights to accept or reject the Plan. This Disclosure  
4 Statement is not intended to be relied upon for any purpose other than to determine how to vote on  
5 the Plan. Nothing contained herein shall be deemed conclusive advice on the tax or other legal  
6 effects of the reorganization on holders of Claims or interests.

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

9 **1.2 Definitions.**

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

15 **1.3 Authorized Representations.**

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

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

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

**All Creditors or parties in interest entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, and signing the Ballot that accompanies this Disclosure Statement and timely sending the Ballot to Debtor's counsel as directed below.**

Thomas H. Allen, Esq.  
Khaled Tarazi, Esq.  
**ALLEN BARNES & JONES, PLC**  
219 W. 2nd Street  
Yuma, AZ 85364

You may not change your vote after casting it unless the Bankruptcy Court permits such change after notice and a hearing to determine whether sufficient cause exists to permit the change.

23  
24  
25  
26  
27  
28

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

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

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

8 **1.6 Debtor's Recommendation to Vote in Favor of The Plan.**

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

12 **ARTICLE 2**

13 **Farmer's Mechanical Services, LLC**

14 **2.1 History of Debtor and Incidents Leading to Bankruptcy Filing.**

15 The Debtor was formed in 2008 and is in the business of repairing vehicles that provide  
16 transportation for migrant farm workers. The Debtor has few assets as it is a service business.  
17 The primary reason for its bankruptcy filing was for the Debtor to deal with and reorganize a  
18 substantial tax debt owed to the Arizona Department of Revenue ("ADOR"). Shortly before the  
19 filing, the ADOR assessed the Debtor with over \$20,000.00 in delinquent transaction privilege  
20 taxes. The Debtor could not pay the delinquent taxes as quickly as the ADOR was requesting;  
21 therefore, the Debtor filed this Case to pay its tax liability over a five year term in accordance  
22 with Code § 1129(a)(9)(C)(ii).

23 **2.2 Debtor's Future**

24 The Debtor will have sufficient post-petition income and funding to provide for its  
25 Priority Creditors in full over the life of the Plan, and provide more towards their Allowed  
26 Unsecured Creditors than they would receive in a Chapter 7 liquidation.

27 ///

28 ///

{00025677}

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

2  
3  
4  
5  
6  
7

8  
9  
0  
1  
2

9  
0  
1  
2

## 3

## 4

## 5

6  
7  
8

20  
21  
22  
23  
24  
25  
26

27  
28

1 \$21,294.18.

2 **ARTICLE 4**

3 **SUMMARY OF DEBTOR'S CURRENT FINANCIAL CONDITION**

4 Debtor's current financial condition is detailed in its Schedules and Statements of  
5 Financial Affairs, the Monthly Operating Reports that have been and will continue to be filed  
6 with the Bankruptcy Court, and the Budget attached hereto as Exhibit B. Interested parties are  
7 encouraged to review the Schedules, Statements of Financial Affairs, Monthly Operating  
8 Reports, along with the attachments hereto. As set forth in Article 2.4 above, after payment of  
9 costs of sale and monthly operating expenses, the Debtor's monthly net income available for  
10 Plan payments is \$1,213.17, and anticipated Plan payments are \$1,023.21. Therefore, the  
11 Debtor will have enough income to support Plan payments.

12 **ARTICLE 5**

13 **DESCRIPTION OF ASSETS**

14 The Debtor's Assets are listed on its Schedules and Statements of Financial Affairs filed  
15 in this Bankruptcy Case. The Debtor determined the liquidation value of the assets it retained  
16 by personal knowledge and searching for resale values online. The Debtor created a  
17 Liquidation Analysis Chart that provides a complete list of the Debtor's assets and details its  
18 liquidation value, attached hereto as **Exhibit C**. *See also* Article 12 below.

19 **ARTICLE 6**

20 **POST-CONFIRMATION CONTROL**

21 The Debtor will retain control of its Assets and use its income to make the payments set  
22 forth in the Plan. The Debtor's principal, Manuel Ozuna, will retain ownership and management  
23 of the Debtor pursuant to his New Value contribution in the amount of \$2,000.00. The Debtor  
24 shall be responsible for preparing and filing quarterly post-confirmation financial reports. Copies  
25 of those reports will be provided to the United States Trustee's Office. During the term of the Plan,  
26 the Debtor will pay, in cash, or other certified funds, quarterly fees to the United States Trustee's  
27 Office.

28 ///

{00025677}

1 **ARTICLE 7**

2 **SUMMARY OF THE PLAN**

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

8 **7.1 Classification and Treatment of Claims.**

9 **7.1.1 Class I - Administrative Claims.**

10 Class I consists of the allowed Administrative Claims for actual and necessary  
11 costs and expenses of administration entitled to priority under Code §§ 503(b) and 507(a)(1).  
12 This Class includes, without limitation, post-petition tax Claims, Debtor's attorneys' fees, any  
13 post-petition accounting fees, and fees due the United States Trustee, if any. Upon retention of  
14 AB&J, Debtor provided AB&J with a retainer in the amount of \$10,000.00 ("Retainer"), which  
15 AB&J deposited in its IOLTA Trust Account. Prior to the Petition Date, AB&J applied  
16 \$5,915.75 of the Retainer to pre-bankruptcy advice, services, and costs, and the Chapter 11  
17 filing fee. AB&J is holding the remaining \$4,084.25 of the Retainer in the Trust Account.  
18 AB&J has filed one application for attorneys' fees in this Case in the amount of \$6,308.00,  
19 which the Court approved on March 7, 2017. Therefore, AB&J's fees in this Case exceed the  
20 retainer. While Plan litigation is possible, at this time the Debtor anticipates that AB&J will not  
21 accrue significant attorneys' fees and costs in pursuing confirmation of the Plan. The holders of  
22 Allowed Class I Claims other than AB&J shall be paid in full on the Effective Date of the Plan.  
23 AB&J shall be paid in full on the Effective Date or upon such other terms as Debtor and AB&J  
24 agree. Class I Claims are unimpaired.

25 **7.1.2 Class II – Priority Claim of Arizona Department of Revenue.**

26 Class II consists of the ADOR's Claim relating to unpaid taxes which are entitled  
27 to priority treatment pursuant to Code § 507(a), in the total amount of \$21,294.18 [Claim No.  
28 1]. The interest rate paid to the Allowed Class II Claim shall be four percent (4.0%) per annum.

1 The holder of the Allowed Class II Claim shall receive payment of the Claim in full, in forty-  
2 eight (48) equal monthly payments of \$480.80 beginning on the Effective Date. No prepayment  
3 penalty shall pertain to the Class II Claim.

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

13 **7.1.3 Class III – Secured Claim of JPMorgan Chase Bank, N.A.**

14 Class III consists of the Allowed Secured Claim of JPMorgan Chase Bank, N.A.  
15 (“Chase”) relating to its UCC Financing Statement filed on April 8, 2008 in connection with a  
16 business loan. The Class III Claim is secured by a lien against all of the Debtor’s assets, which  
17 the Debtor asserts is valued at \$13,162.39. The interest rate paid to the Allowed Class III Claim  
18 shall be four percent (4.0%) per annum. The holder of the Class III Claim shall be paid the full  
19 value of its Secured Claim in sixty (60) monthly payments of \$242.41 beginning on the  
20 Effective Date. The deficiency of \$36,837.61 shall be paid as a Class IV(a) General Unsecured  
21 Claim. Class III is impaired.

22 Any of Debtor’s defaults under loan documents with Chase shall be deemed  
23 cured as of the Effective Date and to the extent such loan documents provide for default  
24 resulting from the Debtor’s bankruptcy filing, such default shall not be enforceable.  
25 Notwithstanding any pre-bankruptcy agreements with Chase, the Debtor’s statement of the  
26 value of the Class III Claim shall be final unless Chase objects to the Debtor’s value prior to the  
27 confirmation of the Plan. Unless otherwise specified herein or in an order entered by the Court,  
28 the holder of the Allowed Class III Claim shall retain its existing perfected lien to secure the



Debtor's obligations under the Plan.

**7.1.4 Class IV(a) – General Unsecured Creditors.**

Class IV(a) consists of all Allowed Unsecured Claims that are not entitled to classification in any other class of claims. Based upon the scheduled Claims and the deficiency Claim of Chase, the Debtor estimates the General Unsecured Claims total approximately \$37,833.51. See Estimated Unsecured Claims Chart attached hereto as **Exhibit D.**<sup>1</sup> Holders of Allowed Class IV(a) Claims shall be paid the sum of \$12,000.00 over five years. The Debtor shall make the payments to the holders of Allowed Class IV(a) Claims on the first Business Day that occurs 11 months after the Effective Date ("Initial Payment Date") and every year thereafter for four years based upon each Class IV(a) Claim's *pro rata* share of potential Unsecured Claims. Such payments shall be as follows: (i) Year One — \$2,400.00; (ii) Year Two — \$2,400.00; (iii) Year Three — \$2,400.00; (iv) Year Four — \$2,400.00; and (v) Year Five — \$2,400.00. No interest will accrue or be paid to the holders of the Allowed Class IV(a) Claims. If a Class IV(a) Claim is not an Allowed Claim prior to 30 days after the Effective Date, such Class IV(a) Claim holder shall receive payment on the one year payment date that falls after its Class IV(a) Claim becomes an Allowed Claim. Class IV(a) is impaired.

**7.1.5 Class IV(b) – Unsecured Claim of Bates M. Sales Investment Company, Inc.**

Class IV(b) consists of the Allowed Unsecured Claim of Bates relating to delinquent prepetition lease payments. Bates shall receive treatment pursuant to the *Stipulated Motion for Entry of Order Approving Assumption of Debtor's Non-Residential Real Property Lease and Plan Support Agreement* [ECF No. 17] and Order approving the same [ECF No. 29], the terms of which are incorporated herein in their entireties by reference. Class IV(b) is impaired.

///

///

---

<sup>1</sup> Exhibit D includes both classes IV(a) and IV(b).

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**ARTICLE 8**

**EXECUTORY CONTRACTS OR UNEXPIRED LEASES**

The Debtor assumed its only executory contract—the lease with Bates—pursuant to the *Stipulated Motion for Entry of Order Approving Assumption of Debtor’s Non-Residential Real Property Lease and Plan Support Agreement* [ECF No. 17] and Order approving the same [ECF No. 29].

**ARTICLE 9**

**MEANS TO IMPLEMENT PLAN**

The Plan will be implemented upon entry of an order by the Bankruptcy Court confirming the Plan. Upon the Effective Date, or at such other time as specifically provided for in the Plan, creditors holding Allowed Claims will receive the treatment provided for in the Plan. Creditors will only be entitled to the treatment of the Class of Claims within which they belong upon having their Claims Allowed.

The Plan will be funded from Debtor’s post-confirmation income and a New Value contribution from the Debtor’s principal, Manuel Ozuna, in the amount of \$2,000.00. Based upon the projections in the Budget, the Debtor is confident that it can fulfill its obligations under the Plan. See Disclosure Statement Article 2.3, above; Exhibit B.

**ARTICLE 10**

**LIQUIDATION ANALYSIS**

As a condition to confirmation, Code § 1129(a)(7) requires the Plan to provide that each Creditor either accept the Plan or receive from the Estate as much under the Plan as each Creditor would receive in a Chapter 7 liquidation. Debtor’s assets and liabilities are listed in its Schedules and Statement of Financial Affairs, and as amended. The Debtor has investigated and is unaware of any receivable owing to it or any transfer that may be avoided for the benefit of the Estate. The Debtor has prepared a liquidation analysis attached hereto as **Exhibit C**. As set forth in Exhibit C, all of the Debtor’s assets are subject to Chase’s Secured Claim and/or the ADOR’s tax lien. Accordingly, Unsecured Creditors would receive \$0 in a Chapter 7 liquidation. Based upon the Budget and Liquidation Analysis, the Debtor will be able to pay

Unsecured Creditors in excess of what they would recover in a Chapter 7 liquidation.

## ARTICLE 11

### BALLOTING INSTRUCTIONS

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

## ARTICLE 12

### MODIFICATION OF PLAN

The Debtor reserves the right to modify the Plan in accordance with the provisions of the Code as follows:

#### **12.1 Pre-Confirmation.**

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

#### **12.2 Post-Confirmation.**

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

#### **12.3 Objections.**

Any holder of a Claim or equity interest that has accepted or rejected the Plan will be deemed to have accepted or rejected, as the case may be, the Plan as modified unless, within the

1 time fixed by the Bankruptcy Court for doing so, such holder changes its previous acceptance or  
2 rejection.

3 **12.4 Effect.**

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

9 **12.5 Default.**

10 If Debtor is unable to perform the terms and conditions of the Plan, they will be in default.  
11 Any Creditor may seek to enforce the Plan and bring a motion to convert or dismiss the case under  
12 Section 1112(b), after the Plan is confirmed, if there is a default in performing under the Plan, or  
13 for other administrative deficiencies. Before doing so, the Creditor must provide written notice to  
14 Debtor specifying the nature of the alleged default and a 30-day period to cure the default. Any  
15 notice must be in writing and sent via certified mail to Debtor at the address on file with the Clerk  
16 of this Court and with a copy sent via certified mail to:

17 Thomas H. Allen, Esq.  
18 Khaled Tarazi, Esq.  
19 **ALLEN BARNES & JONES, PLC**  
20 219 W. 2nd Street  
21 Yuma, AZ 85364

22 In the event the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all  
23 property that had been property of the Estate, and that has not been disbursed pursuant to the  
24 Plan, including specifically all causes of action or claims for preference, recovery of transferred  
25 assets, or damages will then vest in the Chapter 7 estate, and the automatic stay will be reimposed  
26 upon the vested property only to the extent that relief from stay was not previously granted by the  
27 Court during the case.

28 ///

///

///

{00025677}

1 **ARTICLE 13**

2 **CONFIRMATION, RISKS & RECOMMENDATION**

3 **13.1 Best Interests Test.**

4 The Plan satisfies the “best interests test” imposed by Code § 1129(a)(7) because each  
5 holder of a Claim or interest not accepting the Plan will receive at least as much as such holder  
6 would receive in a Chapter 7 liquidation as discussed in detail in Article 11 herein.

7 **13.2 Fair and Equitable Test (Absolute Priority Rule).**

8 To the extent such requirements are applicable based upon the votes of Creditors on the  
9 Plan, the Plan satisfies the fair and equitable requirements of Code § 1129(b). With respect to  
10 Secured Classes, the Plan provides for all Secured Creditors to retain prepetition liens and to be  
11 paid the full value of their Allowed Secured Claims. With respect to Unsecured Classes, Mr.  
12 Ozuna will contribute the New Value to satisfy the Absolute Priority Rule and retain his ownership  
13 of the Debtor.

14 **13.3 Recommendation of Debtor.**

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

16 RESPECTFULLY SUBMITTED this 26<sup>th</sup> day of June, 2017.

17 **FARMER’S MECHANICAL SERVICES, LLC,**

18  
19 /s/ Manuel Ozuna  
Manuel Ozuna, President

20  
21 **APPROVED AS TO FORM AND CONTENT:**

22 **ALLEN BARNES & JONES, PLC**

23  
24 By: /s/ KT #32446  
Thomas H. Allen  
Khaled Tarazi  
25 1850 N. Central Avenue, Suite 1150  
26 Phoenix, Arizona 85004  
Attorneys for the Debtor

# **Exhibit “A”**

1 Thomas H. Allen, State Bar #11160  
Khaled Tarazi, State Bar #32446  
2 **ALLEN BARNES & JONES, PLC**  
1850 N. Central Ave., Suite 1150  
3 Phoenix, Arizona 85004  
Ofc: (602) 256-6000  
4 Fax: (602) 252-4712  
Email: [tallen@allenbarneslaw.com](mailto:tallen@allenbarneslaw.com)  
5 [ktarazi@allenbarneslaw.com](mailto:ktarazi@allenbarneslaw.com)

6 Attorneys for Debtor

7  
8 **UNITED STATES BANKRUPTCY COURT**  
9 **DISTRICT OF ARIZONA**

10 In re:

11 FARMER'S MECHANICAL SERVICES,  
LLC,

12 Debtor.

Chapter 11

Case No. 0:16-bk-11740-SHG

**DEBTOR'S PLAN OF REORGANIZATION  
DATED APRIL 10, 2017**

14 Farmer's Mechanical Services, LLC, debtor and debtor-in-possession in the above  
15 captioned bankruptcy case ("Debtor"), hereby files its *Plan of Reorganization Dated April 10,*  
16 *2017.*

21 [remainder of page intentionally left blank]

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**TABLE OF CONTENTS**

**TABLE OF CONTENTS .....i**

**ARTICLE I – INTRODUCTION.....1**

**ARTICLE II - DEFINITIONS .....1**

**2.1 AB&J.....1**

**2.2 Administrative Claim .....2**

**2.3 Allowed Claim .....2**

**2.4 Allowed Secured Claim. ....2**

**2.5 Allowed Unsecured Claim.....2**

**2.6 Assets.....2**

**2.7 Ballot. ....3**

**2.8 Bankruptcy Case.....3**

**2.9 Bankruptcy Code. ....3**

**2.10 Bankruptcy Court or Court.....3**

**2.11 Bankruptcy Rules.....3**

**2.12 Business Day.....3**

**2.13 Claim. ....3**

**2.14 Claimant.....3**

**2.15 Class. ....4**

**2.16 Confirmation Date. ....4**

**2.17 Confirmation Hearing. ....4**

**2.18 Confirmation Order.....4**

**2.19 Creditor.....4**

**2.20 Debtor.....4**

**2.21 Disclosure Statement. ....4**

**2.22 Disputed Claim.....4**

**2.23 Effective Date. ....5**

**2.24 Estate.....5**



1	2.25	Executory Contract.....	5
2	2.26	Farmer’s Mechanical Services, LLC.....	5
3	2.27	Final Order. ....	5
4	2.28	General Unsecured Claim. ....	5
5	2.29	Person.....	5
6	2.30	Petition Date. ....	5
7	2.31	Plan.....	6
8	2.32	Professional Fees. ....	6
9	2.33	Proof of Claim Bar Date.....	6
10	2.34	Property. ....	6
11	2.35	Pro Rata. ....	6
12	2.36	Secured Claim. ....	6
13	2.37	Secured Creditor.....	6
14	2.38	Unsecured Claim.....	7
15	2.39	Unsecured Creditor. ....	7
16		<b>ARTICLE III - GENERAL TERMS AND PROVISIONS.....</b>	<b>7</b>
17	3.1	Class of Claims And Payment.....	7
18	3.2	Time For Filing Claims. ....	7
19	3.3	Claim Dispute Resolution.....	8
20	3.4	Executory Contracts. ....	8
21		<b>ARTICLE IV - CLASSIFICATION OF CLAIMS AND INTERESTS .....</b>	<b>8</b>
22	4.1	Class I - Administrative Claims.....	8
23	4.2	Class II – Priority Claim of Arizona Department of Revenue.....	9
24	4.3	Class III - Secured Claim of JPMorgan Chase Bank, N.A. ....	9
25	4.4	Class IV(a) – General Unsecured Creditors.....	9
26	4.5	Class IV(b) – Unsecured Claim of Bates M. Sales Investment Company, Inc.....	9
27		<b>ARTICLE V - PLAN IMPLEMENTATION.....</b>	<b>9</b>
28		<b>ARTICLE VI - TREATMENT OF CLAIMS AND INTERESTS.....</b>	<b>10</b>

1	<b>6.1</b>	<b>Class I - Administrative Claims.....</b>	<b>10</b>
2	<b>6.2</b>	<b>Class II – Priority Claim of Arizona Department of Revenue.....</b>	<b>10</b>
3	<b>6.3</b>	<b>Class III - Secured Claim of JPMorgan Chase Bank, N.A. ....</b>	<b>11</b>
4	<b>6.4</b>	<b>Class IV(a) – General Unsecured Creditors.....</b>	<b>11</b>
5	<b>6.5</b>	<b>Class IV(b) – Unsecured Claim of Bates M. Sales Investment Company, Inc. ....</b>	<b>12</b>
6		<b>ARTICLE VII - VOTING PROCEDURE .....</b>	<b>12</b>
7		<b>ARTICLE VIII - BINDING EFFECT OF PLAN.....</b>	<b>12</b>
8		<b>ARTICLE IX - EFFECT OF CONFIRMATION.....</b>	<b>12</b>
9		<b>ARTICLE X - MODIFICATION OF PLAN .....</b>	<b>13</b>
10	<b>10.1</b>	<b>Pre-Confirmation .....</b>	<b>13</b>
11	<b>10.2</b>	<b>Post-Confirmation.....</b>	<b>13</b>
12	<b>10.3</b>	<b>Objections .....</b>	<b>13</b>
13	<b>10.4</b>	<b>Effect .....</b>	<b>14</b>
14	<b>10.5</b>	<b>Default.....</b>	<b>14</b>
15		<b>ARTICLE XI - RETENTION OF JURISDICTION.....</b>	<b>14</b>
16	<b>11.1</b>	<b>In General .....</b>	<b>14</b>
17	<b>11.2</b>	<b>Sales.....</b>	<b>14</b>
18	<b>11.3</b>	<b>Plan Disputes .....</b>	<b>15</b>
19	<b>11.4</b>	<b>Further Orders.....</b>	<b>15</b>
20	<b>11.5</b>	<b>Other Claims .....</b>	<b>15</b>
21	<b>11.6</b>	<b>Enforcement of Plan .....</b>	<b>15</b>
22	<b>11.7</b>	<b>Appeals.....</b>	<b>15</b>
23	<b>11.8</b>	<b>Tax Issues.....</b>	<b>15</b>
24	<b>11.9</b>	<b>Unexpired Leases And Other Executory Contracts .....</b>	<b>16</b>
25	<b>11.10</b>	<b>Settlement Agreement Disputes.....</b>	<b>16</b>
26	<b>11.11</b>	<b>Professional Fees and Costs. ....</b>	<b>16</b>
27	<b>11.12</b>	<b>Close of Case.....</b>	<b>16</b>
28		<b>ARTICLE XII - RETENTION AND PROSECUTION OF CLAIMS .....</b>	<b>16</b>

1	12.1	Preservation of the Debtor's Claims, Demands, and Causes of Action .....	16
2	12.2	Procedure for Determination of Claims .....	16
3	12.3	Disputed Claims .....	17
4	12.4	Treatment of Contingent Claims .....	17
5	12.5	Administrative Claims Bar Date .....	17
6	<b>ARTICLE XIII - PROVISIONS GOVERNING DISTRIBUTIONS.....</b>		<b>17</b>
7	13.1	Distributions by Reorganized Debtor .....	17
8	13.2	Date of Distributions.....	18
9	13.3	Delivery of Distributions .....	18
10	13.4	Means of Payment.....	18
11	13.5	DeMinimis Cash Distributions.....	19
12	13.6	Setoff.....	19
13	<b>ARTICLE XIV - GENERAL PROVISIONS.....</b>		<b>19</b>
14	14.1	Extension of Payment Dates.....	19
15	14.2	Notices .....	19
16	14.3	Closing of the Case.....	19
17	14.4	Exculpation and Limitation of Liability .....	19
18	14.5	General Injunction.....	20
19	14.6	Interest .....	20
20	14.7	Additional Assurances .....	21
21	14.8	Confirmation by Non-Acceptance Method.....	21
22	14.9	Vesting.....	21
23	14.10	Successors and Assigns .....	21
24	14.11	Withdrawal of Plan.....	21
25	14.12	Severability and Reformation .....	21
26	14.13	Prohibition Against Prepayment Penalties.....	22
27	14.14	Payment of Statutory Fees and Filing of Quarterly Reports.....	22
28	14.15	Governing Law.....	22

1	<b>14.16</b>	<b>Special Tax Issues .....</b>	<b>22</b>
2	<b>14.17</b>	<b>Conflicts Between Plan and Confirmation Order.....</b>	<b>22</b>
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

## ARTICLE II - DEFINITIONS

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

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

///

1           **2.2   Administrative Claim**

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

7           **2.3   Allowed Claim**

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

20           **2.4   Allowed Secured Claim.**

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

23           **2.5   Allowed Unsecured Claim.**

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

26           **2.6   Assets.**

27           This term will refer to and mean, collectively, each and every item of Property and  
28 interests of the Debtor as of the Effective Date, whether tangible or intangible, real or personal,

1 legal or equitable, liquidated or unliquidated.

2 **2.7 Ballot.**

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

6 **2.8 Bankruptcy Case.**

7 This term will refer to and mean the case under Chapter 11 of the Bankruptcy Code that  
8 the Debtor commenced by the filing of a voluntary Chapter 11 petition on the Petition Date.

9 **2.9 Bankruptcy Code.**

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

12 **2.10 Bankruptcy Court or Court.**

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

17 **2.11 Bankruptcy Rules.**

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

21 **2.12 Business Day.**

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

24 **2.13 Claim.**

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

26 **2.14 Claimant.**

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

28 ///

1           **2.15    Class.**

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

4           **2.16    Confirmation Date.**

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

7           **2.17    Confirmation Hearing.**

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

11          **2.18    Confirmation Order.**

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

14          **2.19    Creditor.**

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

16          **2.20    Debtor.**

17          This term refers to and means Farmer’s Mechanical Services, LLC.

18          **2.21    Disclosure Statement.**

19          This term refers to and means the *Debtor’s Disclosure Statement Dated April 10, 2017*,  
20 presented by the Debtor with respect to the Plan, in its present form or as it may be altered,  
21 amended, or modified.

22          **2.22    Disputed Claim.**

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



1           **2.23    Effective Date.**

2           This term refers to and means the thirtieth calendar day after the Confirmation Date.

3           **2.24    Estate.**

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

6           **2.25    Executory Contract.**

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

9           **2.26    Farmer's Mechanical Services, LLC.**

10          This term refers to and means Farmer's Mechanical Services, LLC, the proponent of this  
11 Plan.

12          **2.27    Final Order.**

13          This term refers to and means an order or judgment of the Court which (a) shall not have  
14 been reversed, stayed, modified or amended and the time to appeal from, or to seek review or  
15 rehearing of, shall have expired and as to which no appeal or petition for review, or hearing for  
16 certiorari is pending, or (b) if appealed from, shall have been affirmed and no further hearing,  
17 appeal or petition for certiorari can be taken or granted

18          **2.28    General Unsecured Claim.**

19          This term will refer to and mean every Unsecured Claim against the Debtor (including,  
20 but not limited to, every such Claim arising from the rejection of an Executory Contract, and  
21 Unsecured Deficiency Claims) which will be classified and paid under the Plan as the Plan  
22 provides for Class IV Claims.

23          **2.29    Person.**

24          This term will refer to and mean "person" as defined in Bankruptcy Code § 101(41).

25          **2.30    Petition Date.**

26          This term will refer to and mean the filing date of the voluntary Chapter 11 petition of  
27 the Debtor. The Petition Date in the Bankruptcy Case is October 12, 2016.

28          ///

1           **2.31    Plan.**

2           This term will refer to and mean this “*Debtor’s Plan of Reorganization Dated April 10,*  
3 *2017,*” and every amendment to or modification thereof, if any, filed by the Debtor.

4           **2.32    Professional Fees.**

5           This term will refer to and mean any of the interim and final professional fees and  
6 expenses charged by professional Persons the Debtor employed under Bankruptcy Code § 327.

7           **2.33    Proof of Claim Bar Date.**

8           This term refers to and means any deadline fixed by the Bankruptcy Court for the filing  
9 of Claims in the Bankruptcy Case (except for Claims arising out of the rejection of an Executory  
10 Contract).

11          **2.34    Property.**

12          This term refers to, with respect to the Debtor, all rights, causes of action, title, and  
13 interests in and to property (real or personal, tangible or intangible) of whatever type or nature  
14 owned by the Debtor as of the Effective Date, together with property the Debtor subsequently  
15 acquires, and including, but not limited to, property of the Estate as defined in Bankruptcy Code  
16 § 541.

17          **2.35    Pro Rata.**

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

20          **2.36    Secured Claim.**

21          This term refers to and means every Claim or portion thereof which the Creditor holding  
22 such Claim asserts to be secured by a lien, security interest, or assignment encumbering Property  
23 in which the Debtor has an interest; provided, however, that such Claim shall be a secured Claim  
24 only to the extent of the validity, perfection, and enforceability of the claimed lien, security  
25 interest, or assignment, and only to the extent of the value of the interest of the Creditor holding  
26 such Claim against such Property.

27          **2.37    Secured Creditor.**

28          This term refers to and means every Creditor that holds a Secured Claim in the

1 Bankruptcy Case.

2 **2.38 Unsecured Claim.**

3 This term refers to and means all Claims held by the Debtor's Creditors, including  
4 deficiency Claims, dissolution Claims and Claims arising out of the rejection of Executory  
5 Contracts, other than Secured Claims, Administrative Claims, tax Claims and equity Claims.

6 **2.39 Unsecured Creditor.**

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

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

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

10 **3.1 Class of Claims And Payment.**

11 This Plan defines various Classes of Claims and interests, and is intended to deal with all  
12 Claims against the Debtor of whatever character, whether or not contingent or liquidated, and  
13 whether or not allowed by the Court under Bankruptcy Code § 502(h). Only those Claims  
14 allowed under Bankruptcy Code § 502(a) will receive payment under this Plan.

15 **3.2 Time For Filing Claims.**

16 The Court set a hearing for \_\_\_\_\_, **230 N. First Avenue, 3<sup>th</sup> Floor,**  
17 **Courtroom 301, Phoenix, Arizona**, to consider the adequacy of the Disclosure Statement and  
18 set the bar date for filing Proofs of Claim (except for Claims arising out of the rejection of an  
19 Executory Contract, or Class I Administrative Claims that occur after the Proof of Claims Bar  
20 Date), regardless of whether the Claim was scheduled in the Debtor's bankruptcy schedules. On  
21 the 60<sup>th</sup> day after the Effective Date, all persons or entities claiming a Class I Administrative  
22 Claim (except for professional persons employed pursuant to Bankruptcy Code § 327), that  
23 arose after the Proof of Claims Bar Date, shall file a final Application for Approval of  
24 Administrative Claim with the Bankruptcy Court and serve a copy of the Application for  
25 Approval of Administrative Claim upon AB&J. Any holder of a Class I Administrative Claim  
26 that fails to timely file a final Application for Approval of Administrative Claim shall be deemed  
27 to have waived its Claim and the Claim will be disallowed.

28 ///

1 Only Allowed Claims and interests will receive a distribution from the Debtor's Estate.  
2 The Debtor has the right to object to any Claim where it appears that there is some dispute with  
3 regard to the Claim or interest as filed. Unless deemed filed pursuant to Bankruptcy Rule  
4 3003(b), the failure to timely file a proof of Claim or interest will result in disallowance of the  
5 Claim or interest.

6 **3.3 Claim Dispute Resolution.**

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

13 **3.4 Executory Contracts.**

14 The Debtor negotiated with its landlord, Bates M. Sales Investment Company ("Bates"),  
15 for lease assumption terms that included a waiver by Bates of its prepetition right to penalties  
16 and attorneys' fees and a Plan support agreement. *See Stipulated Motion for Entry of Order*  
17 *Approving Assumption of Debtor's Non-Residential Real Property Lease and Plan Support*  
18 *Agreement* [ECF No. 17] and Order approving the same [ECF No. 29]. No additional executory  
19 contracts exist.

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

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

23 **4.1 Class I - Administrative Claims.**

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

28 ///

1           **4.2    Class II – Priority Claim of Arizona Department of Revenue.**

2           Class II consists of the ADOR’s Claim relating to unpaid taxes which are entitled to  
3 priority treatment pursuant to Code § 507(a), in the total amount of \$21,294.18 [Claim No. 1].  
4 The interest rate paid to the Allowed Class II Claim shall be four percent (4.0%) per annum.

5           **4.3    Class III - Secured Claim of JPMorgan Chase Bank, N.A.**

6           Class III consists of the Allowed Secured Claim of JPMorgan Chase Bank, N.A.  
7 (“Chase”) relating to its UCC Financing Statement filed on April 8, 2008 in connection with a  
8 business loan.

9           **4.4    Class IV(a) – General Unsecured Creditors.**

10          Class IV(a) consists of all Allowed Unsecured Claims that are not entitled to  
11 classification in any other class of claims. Based upon the scheduled Claims and the deficiency  
12 Claim of Chase, the Debtor estimates the General Unsecured Claims total approximately  
13 \$37,833.51.

14          **4.5    Class IV(b) – Unsecured Claim of Bates M. Sales Investment Company, Inc.**

15          Class IV(b) consists of the Allowed Unsecured Claim of Bates relating to delinquent  
16 prepetition lease payments.

17                           **ARTICLE V - PLAN IMPLEMENTATION**

18          The Plan will be implemented upon entry of the Confirmation Order. Upon the  
19 Effective Date, or at such other time as specifically provided for in this Plan, Creditors holding  
20 Allowed Claims will receive the treatment provided for in the Plan. Creditors will only be  
21 entitled to the treatment of the Class of Claims within which they belong upon having their  
22 Claim allowed. The Plan will be funded from Debtor’s post-confirmation income and a New  
23 Value contribution from the Debtor’s principal, Manuel Ozuna, in the amount of \$2,000.00.  
24 Based upon the projections in the Budget, the Debtor is confident that it can fulfill its  
25 obligations under the Plan. See Disclosure Statement Article 2.3 and its Exhibit B.

26       ///

27       ///

28       ///

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

2           **6.1     Class I - Administrative Claims.**

3           Upon retention of AB&J, Debtor provided AB&J with a retainer in the amount of  
4 \$10,000.00 (“Retainer”), which AB&J deposited in its IOLTA Trust Account. Prior to the  
5 Petition Date, AB&J applied \$5,915.75 of the Retainer to pre-bankruptcy advice, services, and  
6 costs, and the Chapter 11 filing fee. AB&J is holding the remaining \$4,084.25 of the Retainer  
7 in the Trust Account. AB&J has filed one application for attorneys’ fees in this Case in the  
8 amount of \$6,308.00, which the Court approved on March 7, 2017. Therefore, AB&J’s fees in  
9 this Case exceed the retainer. While Plan litigation is possible, at this time the Debtor  
10 anticipates that AB&J will not accrue significant attorneys’ fees and costs in pursuing  
11 confirmation of the Plan. The holders of Allowed Class I Claims other than AB&J shall be paid  
12 in full on the Effective Date of the Plan. AB&J shall be paid in full on the Effective Date or  
13 upon such other terms as Debtor and AB&J agree. Class I Claims are unimpaired.

14           **6.2     Class II – Priority Claim of Arizona Department of Revenue.**

15           The holder of the Allowed Class II Claim shall receive payment of the Claim in full, in  
16 forty-eight (48) equal monthly payments of \$480.80 beginning on the Effective Date. No  
17 prepayment penalty shall pertain to the Class II Claim.

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

27    ///

28    ///

1           **6.3     Class III - Secured Claim of JPMorgan Chase Bank, N.A.**

2           The Class III Claim is secured by a lien against all of the Debtor's assets, which the  
3 Debtor asserts is valued at \$13,162.39. The interest rate paid to the Allowed Class III Claim  
4 shall be four percent (4.0%) per annum. The holder of the Class III Claim shall be paid the full  
5 value of its Secured Claim in sixty (60) monthly payments of \$242.41 beginning on the Effective  
6 Date. The deficiency of \$36,837.61 shall be paid as a Class IV(a) General Unsecured Claim.  
7 Class III is impaired.

8           Any of Debtor's defaults under loan documents with Chase shall be deemed cured as of  
9 the Effective Date and to the extent such loan documents provide for default resulting from the  
10 Debtor's bankruptcy filing, such default shall not be enforceable. Notwithstanding any pre-  
11 bankruptcy agreements with Chase, the Debtor's statement of the value of the Class III Claim  
12 shall be final unless Chase objects to the Debtor's value prior to the confirmation of the Plan.  
13 Unless otherwise specified herein or in an order entered by the Court, the holder of the Allowed  
14 Class III Claim shall retain its existing perfected lien to secure the Debtor's obligations under  
15 the Plan

16           **6.4     Class IV(a) – General Unsecured Creditors.**

17           Holders of Allowed Class IV(a) Claims shall be paid the sum of \$12,000.00 over five  
18 years. The Debtor shall make the payments to the holders of Allowed Class IV(a) Claims on  
19 the first Business Day that occurs 11 months after the Effective Date ("Initial Payment Date")  
20 and every year thereafter for four years based upon each Class IV(a) Claim's *pro rata* share of  
21 potential Unsecured Claims. Such payments shall be as follows: (i) Year One — \$2,400.00; (ii)  
22 Year Two — \$2,400.00; (iii) Year Three — \$2,400.00; (iv) Year Four — \$2,400.00; and (v)  
23 Year Five — \$2,400.00. No interest will accrue or be paid to the holders of the Allowed Class  
24 IV(a) Claims. If a Class IV(a) Claim is not an Allowed Claim prior to 30 days after the  
25 Effective Date, such Class IV(a) Claim holder shall receive payment on the one year payment  
26 date that falls after its Class IV(a) Claim becomes an Allowed Claim. Class IV(a) is impaired.

27       ///

28       ///

1           **6.5    Class IV(b) – Unsecured Claim of Bates M. Sales Investment Company, Inc.**

2           Bates shall receive treatment pursuant to the *Stipulated Motion for Entry of Order*  
3 *Approving Assumption of Debtor's Non-Residential Real Property Lease and Plan Support*  
4 *Agreement* [ECF No. 17] and Order approving the same [ECF No. 29], the terms of which are  
5 incorporated herein in their entireties by reference. Class IV(b) is impaired.

6                           **ARTICLE VII - VOTING PROCEDURE**

7           Creditors will vote to accept or reject this Plan. THIS PLAN CANNOT BE  
8 CONFIRMED IF THE PLAN DOES NOT RECEIVE AT LEAST TWO-THIRDS (2/3) IN  
9 AMOUNT AND MORE THAN ONE-HALF (½) IN NUMBER OF ALLOWED CLAIMS  
10 VOTING IN EACH IMPAIRED CLASS; provided, however, if the requisite acceptances are  
11 not obtained from one or more impaired classes, the Court may nonetheless confirm the Plan  
12 pursuant to Bankruptcy Code § 1129(b) if one impaired Class accepts the Plan and the Court  
13 finds that the Plan provides, among other things, fair and equitable treatment of the Classes  
14 rejecting the Plan, and that Creditors receive as much or more under the Plan than they would  
15 receive in a Chapter 7 liquidation.

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

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

22                           **ARTICLE IX - EFFECT OF CONFIRMATION**

23           Except as otherwise provided herein, the rights afforded in the Plan shall be in exchange  
24 for and in complete satisfaction, discharge and release of all Claims against the Debtor of any  
25 nature whatsoever. All such Claims against the Debtor shall be satisfied, discharged and  
26 released in full. All holders of Claims against the Debtor shall be precluded from asserting  
27 against the Debtor, its Estate, or the assets or properties of the Debtor or its Estate any other or  
28 further Claim based upon any omission, transaction or other activity of any kind or nature that



1 occurred prior to the Effective Date. This discharge shall be effective as to each claim,  
2 regardless of whether the Claim is listed on the Debtor's Statements or Schedules filed this  
3 Bankruptcy Case, whether a proof of Claim was filed, whether such proof of Claim was  
4 withdrawn, whether the Claim is an Allowed Claim, in whole or in part, or whether the holder of  
5 the Claim votes to accept or reject this Plan. Upon the Effective Date, all Property will vest in  
6 the reorganized Debtor, which, subject to the obligations set forth in this Plan, may utilize the  
7 Property free of any burdens of the Bankruptcy Code and without need to obtain Court approval  
8 of its actions.

#### 9 **ARTICLE X - MODIFICATION OF PLAN**

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

##### 12 **10.1 Pre-Confirmation**

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

##### 17 **10.2 Post-Confirmation**

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

##### 23 **10.3 Objections**

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

28 ///

1           **10.4    Effect**

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

7           **10.5    Default**

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

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

18                               **ARTICLE XI - RETENTION OF JURISDICTION**

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

22           **11.1    In General**

23           The Court shall retain jurisdiction to determine the allowance and payment of any  
24 Claims upon any objection thereto (or other appropriate proceedings) by the Debtor, or any other  
25 party in interest entitled to proceed in that manner. As part of such retained jurisdiction, the  
26 Court shall continue to determine the allowance of Administrative Claims and any request for  
27 payment( thereof, including Professional Fees and costs which are Administrative Claims  
28 classified as Class I Claims.

**11.2    Sales**

             The Court shall retain jurisdiction to adjudicate and determine any issues that arise out of

1 or relate to a sale of any Property.

2 **11.3 Plan Disputes**

3 The Court shall retain jurisdiction to determine any disputes which may arise regarding  
4 the interpretation of any provisions of this Plan.

5 **11.4 Further Orders**

6 The Court shall retain jurisdiction to facilitate the consummation of this Plan by entering,  
7 consistent with the provisions of this Plan, any further necessary or appropriate orders regarding  
8 the enforcement of this Plan and any provision thereof.

9 **11.5 Other Claims**

10 The Court shall retain jurisdiction to adjudicate any causes of action or other proceedings  
11 presently pending or otherwise referenced here or elsewhere in this Plan; including, but not  
12 limited to, any action regarding the initiation, prosecution, enforcement, compromise or  
13 settlement of the causes of action in the Estate, and the adjudication of any and all “core  
14 proceedings” under 28 U.S.C. § 157(b) which may be pertinent to the Bankruptcy Case.

15 **11.6 Enforcement of Plan**

16 The Court shall retain jurisdiction to enforce any provisions of this Plan, and any and all  
17 documents relating to this Plan; including, but not limited to, the conduct of sales pursuant to  
18 Bankruptcy Code §§ 363(f) or (h), and the approval of any borrowing by the Debtor, if required  
19 by the lender.

20 **11.7 Appeals**

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

26 **11.8 Tax Issues**

27 The Court shall retain jurisdiction to adjudicate and determine any issues that relate to  
28 this Bankruptcy Case, and any governmental unit’s claim with respect to any tax, or any fine,

1 interest or penalty relating to a tax.

2 **11.9 Unexpired Leases And Other Executory Contracts**

3 The Court shall retain jurisdiction to determine any and all claims arising from rejection  
4 of Executory Contracts.

5 **11.10 Settlement Agreement Disputes**

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

8 **11.11 Professional Fees and Costs.**

9 The Court will retain jurisdiction to determine any and all issues that relate to the  
10 payment of Professional Fees in the Bankruptcy Case.

11 **11.12 Close of Case**

12 This Bankruptcy Case shall be deemed closed upon entry of a final decree closing this  
13 Bankruptcy Case. Notwithstanding anything to the contrary contained herein, the Debtor shall  
14 not be bound by estoppel, or the principles of *res judicata* or collateral estoppel, with respect to  
15 any term or provision contained herein in the event the Plan is not confirmed upon the terms and  
16 provisions set forth herein.

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

18 **12.1 Preservation of the Debtor's Claims, Demands, and Causes of Action**

19 In accordance with Bankruptcy Code § 1123(b)(3), all of the Debtor's claims and causes  
20 of action will survive entry of the Confirmation Order and the Effective Date; they will not be  
21 discharged by the Plan; and they will become and remain assets of the reorganized the Debtor  
22 after the Effective Date. The reorganized the Debtor may bring such action within the longer of  
23 (i) the applicable state or federal statute of limitation applicable to such claim or cause of action  
24 or (ii) 180 days after the Effective Date.

25 **12.2 Procedure for Determination of Claims**

26 Except as to any Claim that has been allowed prior to the Effective Date, no later than 60  
27 days after the Effective Date, the Debtor or any party in interest may object to the allowance of  
28 any Claim against the Debtor or seek estimation thereof on any Claim (including any Claim

1 amounts stated in the Plan).

2 **12.3 Disputed Claims**

3 No payments or other distributions will be made to holders of Disputed Claims unless  
4 and until such Claims are Allowed Claims pursuant to a Final Order. If a Disputed Claim is not  
5 an Allowed Claim by or on the Effective Date or when payment is otherwise due under the Plan,  
6 payment of the Disputed Claim will be made when it becomes an Allowed Claim after the  
7 Effective Date or as otherwise specifically provided in the Plan.

8 **12.4 Treatment of Contingent Claims**

9 Until such time as a contingent Claim or a contingent portion of an Allowed Claim  
10 becomes fixed or absolute or is disallowed, such Claim will be treated as a Disputed Claim for  
11 all purposes related to distributions under the Plan. The holder of a contingent Claim will only  
12 be entitled to a distribution under the Plan when and if such contingent Claim becomes an  
13 Allowed Claim.

14 **12.5 Administrative Claims Bar Date**

15 Administrative expense proofs of Claim requesting payment of administrative costs and  
16 expenses incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1) and  
17 503(b) (except for professional persons employed pursuant to Bankruptcy Code § 327) must be  
18 served and filed with the Bankruptcy Court no later than thirty (30) days after the Effective  
19 Date; provided, however, that proofs of Claim will not be required with respect to any unpaid  
20 post-petition operating expenses incurred in the normal course of the Debtor's business prior to  
21 the Effective Date. Any such Claim that is not served and filed within this time period will be  
22 forever barred. Any Claims for fees, costs, and expenses incurred by any professionals after the  
23 Effective Date will be paid in the Debtor's ordinary course of business.

24 **ARTICLE XIII - PROVISIONS GOVERNING DISTRIBUTIONS**

25 **13.1 Distributions by Reorganized Debtor**

26 All Allowed Claims against the Debtor will be paid by the reorganized Debtor according  
27 to the Plan.

28 ///

1           **13.2   Date of Distributions**

2           Except as otherwise provided in the Plan, or as may be ordered by the Bankruptcy Court,  
3 distributions of cash as to Allowed Claims as of the Effective Date will be made as of the  
4 Effective Date or as otherwise agreed by the respective parties. Authorized distributions to be  
5 made as of the Effective Date will be deemed made as of the Effective Date if made on the  
6 Effective Date or as promptly thereafter as practicable, but in any event no later than thirty (30)  
7 days after the Effective Date. Distributions on account of the disputed portion of Disputed  
8 Claims that are allowed after the Effective Date will be made as provided in the Plan and if not  
9 so provided no later than thirty (30) days after entry of a Final Order allowing the Claim.

10           **13.3   Delivery of Distributions**

11           Subject to Bankruptcy Rule 9010, distributions and deliveries to each holder of an  
12 Allowed Claim will be made at the address of such holder as set forth on the respective proof of  
13 Claim (or at the last known address of such holder if no proof of Claim is filed or if the Debtor  
14 has been notified of a change of address) as of the last Business Day prior to the Effective Date.  
15 If any holder's distribution is returned as undeliverable, no further distribution to such holder  
16 will be made unless and until the reorganized Debtor is notified of such holder's then current  
17 address, at which time all missed distributions will be made to such holder without interest.  
18 Debtor will be under no obligation to attempt to locate the holder of any Allowed Claim or to  
19 recognize any purported transfer or encumbrance on the rights of holders of Allowed Claims  
20 after the Confirmation Date. Amounts of undeliverable distributions attempted by the  
21 reorganized Debtor will be retained by the reorganized Debtor until such distributions are  
22 claimed or become unclaimed Property. All Claims for undeliverable distributions will be made  
23 on or before the first anniversary of the Effective Date. After such date, all unclaimed Property  
24 will revert to and become the Property of the reorganized Debtor.

25           **13.4   Means of Payment**

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

1 deemed made upon deposit by the reorganized Debtor of such payment in the United States  
2 mail, first class postage pre-paid.

3 **13.5 DeMinimis Cash Distributions**

4 No cash payment of less than ten dollars (\$10.00) will be made to any holder of an  
5 Allowed Claim unless a request therefore is made in writing to the reorganized Debtor.

6 **13.6 Setoff**

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

14 **ARTICLE XIV - GENERAL PROVISIONS**

15 **14.1 Extension of Payment Dates**

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

18 **14.2 Notices**

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

21 **14.3 Closing of the Case**

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

25 **14.4 Exculpation and Limitation of Liability**

26 Neither the Debtor, nor any of its respective present or former officers, directors,  
27 employees, advisors, attorneys, or agents, will have or incur any liability to any holder of a  
28 Claim or Equity Interest, or any other party-in-interest, or any of their respective agents,

1 employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors  
2 or assigns, for any act or omission in connection with, relating to, or arising out of the  
3 Bankruptcy Case, the extension of credit to the Debtor during the Bankruptcy Case pursuant to  
4 debtor-in-possession financing or the use of cash collateral, efforts to obtain confirmation of the  
5 Plan, the consummation of the Plan, or the administration of the Plan or the property to be  
6 distributed under the Plan, whether now known or hereafter discovered, *except for their gross*  
7 *negligence; willful, wanton, or intentional misconduct; or breaches of their fiduciary duties.*

#### 8 **14.5 General Injunction**

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

#### 26 **14.6 Interest**

27 Whenever interest is to be computed under the Plan, interest will be simple interest and  
28 not compounded. Unless otherwise specifically provided for in the Plan or the Confirmation



Order, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim.

**14.7 Additional Assurances**

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

**14.8 Confirmation by Non-Acceptance Method**

The Debtor hereby requests, if necessary, confirmation of the Plan pursuant to Bankruptcy Code § 1129(b) with respect to any impaired Class of Claims that does not vote to accept the Plan.

**14.9 Vesting**

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

**14.10 Successors and Assigns**

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

**14.11 Withdrawal of Plan**

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

**14.12 Severability and Reformation**

It is the intention of the Debtor to comply fully with the Bankruptcy Code and applicable non-bankruptcy law in proposing the Plan. Therefore, if any provision of the Plan is determined by the Bankruptcy Court to be contrary to the Bankruptcy Code or applicable non-bankruptcy law, that provision will be deemed severed and automatically deleted from the Plan, if it cannot be reformed or the provision or its interpretation will be deemed reformed to ensure compliance; provided, however, that nothing contained in this paragraph will prevent the Debtor from modifying the Plan in any manner whatsoever in accordance with and as set forth in the Plan.

Pursuant to any ruling by the Bankruptcy Court regarding the subject matter of this paragraph, any such severance or reformation will be stated specifically in the Confirmation Order, which then will control notwithstanding any contrary or inconsistent provisions of the Plan.

**14.13 Prohibition Against Prepayment Penalties**

If the reorganized Debtor so chooses, in its sole and absolute discretion, to prepay any obligation on which deferred payments are provided for under the Plan, the reorganized Debtor will not be liable or subject to the assessment of any prepayment penalty thereon unless otherwise ordered by the Bankruptcy Court.

**14.14 Payment of Statutory Fees and Filing of Quarterly Reports**

All fees payable pursuant to 28 U.S.C. § 1980, as determined by the Bankruptcy Court at or in conjunction with the Confirmation Hearing, will be paid on or before the Effective Date and, thereafter, in accordance with applicable bankruptcy law. All quarterly reports of disbursements required to be filed by applicable bankruptcy law will be filed in accordance with applicable bankruptcy law.

**14.15 Governing Law**

Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under this Plan shall be governed by, construed, and enforced in accordance with, and subject to, the laws of the State of Arizona, excluding any laws that result in the application of the laws of another jurisdiction.

**14.16 Special Tax Issues**

The issuance, transfer, or exchange of a security as defined under the Bankruptcy Code or applicable law, or the making or delivery of any instrument of transfer under this Plan, shall not be taxed under any state or local law imposing a stamp tax or similar tax as provided in Bankruptcy Code § 1146.

**14.17 Conflicts Between Plan and Confirmation Order**

In the event the terms of this Plan and the Confirmation Order conflict, the terms of the Confirmation Order shall govern.

///

1 RESPECTFULLY SUBMITTED this 10<sup>th</sup> day of April, 2017.

2 **Farmer's Mechanical Services, LLC**

3 /s/ Manuel Ozuna

4 Manuel Ozuna, President

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

6 **ALLEN BARNES & JONES, PLC**

7 By: /s/ KT #32446

8 Thomas H. Allen

9 Khaled Tarazi

10 1850 N. Central Avenue, Suite 1150

Phoenix, Arizona 85004

Attorneys for the Debtor

# **Exhibit “B”**

# Farmer's Mechanical, LLC Plan Budget

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Income	\$23,970.00	\$24,689.10	\$25,429.77	\$26,192.67	\$26,978.45
Costs of Sales (Purchases)	\$11,068.45	\$11,400.50	\$11,742.52	\$12,094.79	\$12,457.64
<b>Total Revenue</b>	<b>\$12,901.55</b>	<b>\$13,288.60</b>	<b>\$13,687.25</b>	<b>\$14,097.87</b>	<b>\$14,520.81</b>

Operating Expenses					
Accounting Fees	\$380.00	\$391.40	\$403.14	\$415.24	\$427.69
Auto and Truck Expense	\$1,178.68	\$1,214.04	\$1,250.46	\$1,287.98	\$1,326.61
Bank Charges	\$70.67	\$72.79	\$74.97	\$77.22	\$79.54
Entertainment	\$352.80	\$363.38	\$374.29	\$385.51	\$397.08
Equipment Rental	\$50.00	\$51.50	\$53.05	\$54.64	\$56.28
Expendable Tools	\$36.49	\$37.58	\$38.71	\$39.87	\$41.07
Insurance	\$262.84	\$270.73	\$278.85	\$287.21	\$295.83
Office Expense	\$187.42	\$193.04	\$198.83	\$204.80	\$210.94
Postage	\$13.93	\$14.35	\$14.78	\$15.22	\$15.68
Rent	\$800.00	\$824.00	\$848.72	\$874.18	\$900.41
Repairs and Maintenance	\$172.76	\$177.94	\$183.28	\$188.78	\$194.44
Salaries and Wages	\$5,062.95	\$5,214.84	\$5,371.28	\$5,532.42	\$5,698.39
Security	\$69.49	\$71.57	\$73.72	\$75.93	\$78.21
Taxes - Payroll	\$616.37	\$634.86	\$653.91	\$673.52	\$693.73
Taxes - Other	\$427.79	\$440.62	\$453.84	\$467.46	\$481.48
Utilities	\$306.78	\$315.98	\$325.46	\$335.23	\$345.28
<b>Legal &amp; professional</b>	<b>\$833.33</b>	<b>\$858.33</b>	<b>\$884.08</b>	<b>\$910.60</b>	<b>\$937.92</b>
<b>Telephone</b>	<b>\$196.28</b>	<b>\$202.17</b>	<b>\$208.23</b>	<b>\$214.48</b>	<b>\$220.91</b>
<b>Supplies</b>	<b>\$669.80</b>	<b>\$689.89</b>	<b>\$710.59</b>	<b>\$731.91</b>	<b>\$753.87</b>
<b>Total Monthly Operating Expenses</b>	<b>\$11,688.38</b>	<b>\$12,039.03</b>	<b>\$12,400.20</b>	<b>\$12,772.21</b>	<b>\$13,155.37</b>
<b>Total Available for Plan Payments</b>	<b>\$1,213.17</b>	<b>\$1,249.57</b>	<b>\$1,287.05</b>	<b>\$1,325.66</b>	<b>\$1,365.43</b>
<b>Plan Payments</b>					
Class I - Administrative Claims	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Class II - ADOR	\$480.80	\$480.80	\$480.80	\$480.80	\$480.80
Class III - Chase Secured	\$242.41	\$242.41	\$242.41	\$242.41	\$242.41
Class IV(a) - General Unsecured Claims	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Class IV(b) - Landlord Arrearage Claim per Stipulation	Paid pursuant to stipulation				
<b>Subtotal</b>	<b>\$1,023.21</b>	<b>\$1,023.21</b>	<b>\$1,023.21</b>	<b>\$1,023.21</b>	<b>\$1,023.21</b>
<b>Monthly Net Income after plan payments</b>	<b>\$189.96</b>	<b>\$226.36</b>	<b>\$263.84</b>	<b>\$302.45</b>	<b>\$342.22</b>

# **Exhibit “C”**

**Farmer's Mechanical Services, LLC**  
**Estimated Property Value Chart and Liquidation Analysis**

**TOTAL :** **\$13,162.39**

<b>Asset</b>	<b>Value</b>	<b>Chase Lien</b>
Checking account - Foothills Bank *0014	\$1,471.39	\$1,471.39
2 desks, 2 chairs, copier, printer, calculator, phone, computer	\$776.00	\$776.00
1967 Caterpillar forklift	\$2,500.00	\$2,500.00
Various hand tools	\$3,000.00	\$3,000.00
Brake machine, 2 tool boxes, welder, chain hoist, acetylene tank, 2 floor jacks, 2 bottle jacks and metal cutter	\$5,415.00	\$5,415.00
<b>TOTAL:</b>	<b>\$13,162.39</b>	<b>\$13,162.39</b>

# **Exhibit “D”**



Farmer's Mechanical Services, LLC		
CLASS IV UNSECURED CLAIMS*		
<b>TOTAL :</b>		<b>\$40,233.51</b>
<b>Creditor</b>	<b>Source Document</b>	<b>Proof of Claim or Scheduled Amount</b>
Bates M. Sales Investment Company, Inc. P.O. Box 539 Somerton, AZ 85350	Schedules/Unpaid rents	\$2,400.00
Beamspeed Internet Service 2481 E. Palo Verde Street Yuma, AZ 85365	Schedules/Business service	\$79.90
C&D Disposal, LLC 19536 S. Avenue 1E Yuma, AZ 85367	Schedules/Business service	\$76.00
JP Morgan Chase Bank, N.A. Yuma LPO 170 W. 16th Street Yuma, AZ 85364	Schedules/Business line of credit - Deficiency	\$36,837.61
Pepboys P.O. Box 981127 El Paso, TX 79998-1157	Schedules/Business vendor	\$840.00
<b>TOTAL:</b>		<b>\$40,233.51</b>
*All listed claims are subject to objection in accordance with the Bankruptcy Code and the Plan		