

1 Brian M. Blum (Bar No. 024243)  
2 **THE TURNAROUND TEAM, PLLC**  
3 4110 N. Scottsdale Rd., Ste. 340  
4 Scottsdale, Arizona 85251  
5 Tel: (480) 420-1999 | Fax: (480) 522-1515  
6 Brian@TurnAroundTeam.com  
7 *Attorneys for Debtor*

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

10 In re:  
11 LEI Machining, LLC,  
12 Debtor.

13 Chapter 11 (Small Business)  
14 Case No.: 2:16-bk-07089-BKM  
15 **LEI MACHINING, LLC'S**  
16 **DISCLOSURE STATEMENT,**  
17 **DATED DECEMBER 19, 2016**

18 **I. INTRODUCTION<sup>1</sup>**

19 This is the disclosure statement (the "Disclosure Statement") in the small  
20 business chapter 11 case of LEI Machining LLC (the "Debtor"). This Disclosure  
21 Statement contains information about the Debtor and describes the LEI Machining  
22 LLC Plan of Reorganization (the "Plan") filed by LEI Machining LLC on December  
23 19, 2016. A full copy of the Plan is attached to this Disclosure Statement as Exhibit  
24 A.

25 *Your rights may be affected. You should read the Plan and this Disclosure  
26 Statement carefully and discuss them with your attorney. If you do not have an  
27 attorney, you may wish to consult one.*

28 The proposed distributions under the Plan are discussed on page 6 of this  
Disclosure Statement. General unsecured creditors are classified in Class 10, and  
will receive a distribution of approximately 100% of their allowed claims.

**A. Purpose of This Document**

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,

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<sup>1</sup> The format of this disclosure statement is based largely on Official Form B25B and the corresponding instructions, and Committee Notes, which are an implementation of § 433 of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-8, 119 Stat. 23 (April 20, 2005) ("BAPCPA"), that provide for an official form for a disclosure statement that may be used in cases where the debtor is a small business debtor under § 101(51D) of the Code.

- 1 • How the Plan proposes to treat claims or equity interests of the type you
- 2 hold (*i.e.*, what you will receive on your claim or equity interest if the plan
- 3 is confirmed),
- 4 • Who can vote on or object to the Plan,
- 5 • What factors the Bankruptcy Court (the “Court”) will consider when
- 6 deciding whether to confirm the Plan,
- 7 • Why the Debtor believes the Plan is feasible, and how the treatment of
- 8 your claim or equity interest under the Plan compares to what you would
- 9 receive on your claim or equity interest in liquidation, and
- 10 • The effect of confirmation of the Plan.

11 *Be sure to read the Plan as well as the Disclosure Statement. This Disclosure*  
12 *Statement describes the Plan, but it is the Plan itself that will, if confirmed,*  
13 *establish your rights.*

14 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation**  
15 **Hearing**

16 The Court has not yet confirmed the Plan described in this Disclosure  
17 Statement. This section describes the procedures pursuant to which the Plan will or  
18 will not be confirmed.

19 1. *Time and Place of the Hearing to Finally Approve This Disclosure*  
20 *Statement and Confirm the Plan.*

21 The hearing at which the Court will determine whether to finally approve this  
22 Disclosure Statement and confirm the Plan will take place on \_\_\_\_\_, at  
23 \_\_\_\_\_, in Courtroom 701, at the United States Bankruptcy Court for the  
24 District of Arizona, Phoenix Division, 230 N. 1<sup>st</sup> Ave., Phoenix, Arizona, 85003.

25 2. *Deadline For Voting to Accept or Reject the Plan*

26 If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot  
27 and return the ballot to Brian M. Blum, The Turnaround Team PLLC, 4110 N.  
28 Scottsdale Rd., Ste. 340, Scottsdale, Arizona, 85250. See section IV.(A). below for a  
discussion of voting eligibility requirements.

Your ballot must be received by \_\_\_\_\_ or it will not be counted.

1           3.     *Deadline For Objecting to the Adequacy of Disclosure and Confirmation*  
2           *of the Plan.*

3           Objections to this Disclosure Statement or to the confirmation of the Plan must be  
4           filed with the Court and served upon Debtor's counsel by [REDACTED].

5           4.     *Identity of Person to Contact for More Information*

6           If you want additional information about the Plan, you should contact Brian M.  
7           Blum, whose contact information appears at the top of this document.

8           **C. Disclaimer**

9           *The Court has conditionally approved this Disclosure Statement as containing*  
10          *adequate information to enable parties affected by the Plan to make an informed*  
11          *judgment about its terms. The Court has not yet determined whether the Plan meets*  
12          *the legal requirements for confirmation, and the fact that the Court has approved*  
13          *this Disclosure Statement does not constitute an endorsement of the Plan by the*  
14          *Court, or a recommendation that it be accepted. The Court's approval of this*  
15          *Disclosure Statement is subject to final approval at the hearing on confirmation of*  
16          *the Plan. Objections to the adequacy of this Disclosure Statement may be filed until*  
17          [REDACTED].

18          **II. BACKGROUND**

19          **A. Description and History of the Debtor's Business**

20          The Debtor is a limited liability company, formed in Arizona in 2013 as the  
21          successor to Lornee Enterprises, Inc. (The change in corporate structure was done  
22          to avoid the complexities of maintaining a corporation and enjoy the convenience of  
23          a limited liability company.) The Debtor operates a machine shop that uses CNC  
24          machines and other equipment to repair, modify and fabricate parts for industrial  
25          equipment, primarily for customers in the mining business in Gila County and  
26          across Arizona.

27          Elvin Fant, Jr. has almost 30 years experience in the machining industry. Mr.  
28          Fant started in this industry in 1987 as a machinist's apprentice, working in the  
29          aerospace industry. Over the next dozen years he continued working as a machinist,  
30          gradually learning more complicated and technical work on CNC machines. In  
31          2000, he started his own machine shop, and done that work ever since.

32          **B. Insiders of the Debtor**

33          Elvin Fant, Jr. and his brother, Joseph Fant, are the sole members of the limited  
34          liability company and are the only insiders. They each own half of the membership  
35          interest. Compensation paid to Elvin Fant and Joseph Fant during the 1 year prior  
36          to the commencement of the case was approximately \$37,000, and \$0.00,

1 respectively.

### 2 **C. Management of the Debtor Before and During the Bankruptcy**

3 During the two years prior to the date on which the bankruptcy petition was  
4 filed—and at all times since then—the sole person in control of the Debtor (the  
“Manager”) was Elvin Fant, Jr.

5 Likewise, after the effective date of the order confirming the Plan, the sole person  
6 in control of the Debtor, or successor of the Debtor under the Plan (the “Post  
Confirmation Manager”), will be Elvin Fant, Jr.

### 7 **D. Events Leading to Chapter 11 Filing**

8 An overall decline in the price of copper in recent years led to a decrease in the  
9 demand for the Debtor’s services. To make ends meet, the Debtor borrowed from  
10 high interest lenders and eventually could not keep up with the payments.

11 Since filing this bankruptcy case, copper mining operations have increased, and  
12 the Debtor has seen an uptick in business.

### 13 **E. Significant Events During the Bankruptcy Case**

14 Since this case was filed, the Debtor has continued to operate. The Debtor, with  
15 the consent of Direct Capital, negotiated for the use of cash collateral, and has paid  
16 direct capital adequate protection payments of \$3,500 per month since the petition  
17 date, through November 2016. The December adequate protection payment is  
expected to be made before the end of 2016.

18 Shortly after the petition date, the Court approved the Debtor’s hiring of The  
Turnaround Team PLLC as attorneys for the Debtor.

19 No adversary proceedings have been filed in this case by the Debtor or any other  
20 party.

21 On the petition date, the Debtor had two secured credit cards with Wells Fargo  
22 Bank with balances due totaling approximately \$6,000 and corresponding deposits  
23 held by Wells Fargo in the amount of \$6,000. In October 2016, Wells Fargo filed  
24 moved to lift the automatic stay so that it could offset the secured credit card claims  
against the deposits. The Debtor did not oppose this relief.

25 In late November and December 2016, the Debtor received substantial purchase  
26 orders totaling nearly \$200,000, and has bids out for over \$100,000 more. The  
27 Debtor believes that they will be awarded these purchase orders. The Debtor has  
28 excellent relationships with decision makers at the various mines.

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**F. Projected Recovery of Avoidable Transfers**

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

**G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in the Plan.

**H. Current and Historical Financial Conditions**

The identity and fair market value of the estate’s assets are listed on Schedule B to the Petition. The basis for the valuation is the opinion of the Manager, Elvin Fant Jr.

On the bankruptcy petition date, the Debtor held approximately \$20,000 in cash. For the most part, the Debtor has been able to maintain that level of cash, although it has dipped as low as \$9,000. The Debtor expects to end 2016 with approximately \$65,000 in cash.

The most recent post-petition operating report filed since the commencement of the Debtor’s bankruptcy case are set forth in Exhibit B.

A summary of the Debtor’s periodic operating reports filed since the commencement of the bankruptcy case is set forth in Exhibit C.

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

**A. What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

**B. Unclassified Claims**

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent

1 has not placed the following claims in any class:

2 *1. Administrative Expenses*

3 Administrative expenses are costs or expenses of administering the Debtor's  
4 chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative  
5 expenses also include the value of any goods sold to the Debtor in the ordinary  
6 course of business and received within 20 days before the date of the bankruptcy  
petition. The Code requires that all administrative expenses be paid on the effective  
date of the Plan, unless a particular claimant agrees to a different treatment.

7 The following administrative expenses shall be paid:

- 8 a. *Professional Fees.* Debtor's counsel, Brian M. Blum of The Turnaround Team  
9 PLLC, shall be allowed total compensation of as may be approved by the court  
10 in a separate fee application. This expense shall be paid in full on the effective  
11 date of the Plan, or according to a separate written agreement, or according to  
court order if such fees have not been approved by the Court on the effective  
12 date of the Plan. Debtor estimates this expense will be \$15,000 to \$20,000.  
13 b. *Office of the U.S. Trustee Fees.* The Debtor will pay fees to the United States  
Trustee as they become due.

14 *2. Priority Tax Claims*

15 Priority tax claims are unsecured income, employment, and other taxes described  
16 by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim  
17 agrees otherwise, it must receive the present value of such claim, in regular  
installments paid over a period not exceeding 5 years from the order of relief.

18 The Debtor has no priority tax claims.

19 **C. Classes of Claims and Equity Interests**

20 The following are the classes set forth in the Plan, and the proposed treatment  
that they will receive under the Plan:

21 *1. Classes of Secured Claims*

22 Allowed Secured Claims are claims secured by property of the Debtor's  
23 bankruptcy estate (or that are subject to setoff) to the extent allowed as secured  
24 claims under § 506 of the Code. If the value of the collateral or setoffs securing the  
25 creditor's claim is less than the amount of the creditor's allowed claim, the  
deficiency will be classified as a general unsecured claim.

26 The following chart lists all classes containing Debtor's secured prepetition claims  
27 and their proposed treatment under the Plan:  
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Class # and Impairment	Description, Impairment, Treatment, and Value of Secured Property
<p>1. Impaired</p>	<p>Direct Capital. This claim is secured by a Haas SL-30 Lathe, Serial No. 63709; DB500 Destless Wet Blast, Serial No. 7J13; Haas TL-4, Serial No. 3080331; Bore Repair Systems EAU 34/4 CB; and all assets of the Debtor (per UCC-1 Filed 1/23/2014). The fair market value of the property is \$141,000. This creditor shall retain its lien until the claim is paid.</p> <p style="padding-left: 40px;">Allowed Secured Amount..... \$180,000 Priority of Lien..... First</p> <p>This claim will be paid:</p> <p style="padding-left: 40px;">Monthly Payment ..... \$5,000 Payments Begin ..... March 15, 2017 Payments End (<i>estimated</i>)..... February 15, 2021 Interest rate ..... 5.00%</p>
<p>2. Impaired</p>	<p>Balboa Capital. This claim is secured by equipment: Harrison 600 4" Spindle CNC Lathe #S50019 (Not operational). The fair market value of this property is \$1,000. This creditor shall retain its lien until the claim is paid.</p> <p style="padding-left: 40px;">Allowed Secured Amount..... \$14,643 Priority of Lien..... First (PMSI)</p> <p>This claim will be paid:</p> <p style="padding-left: 40px;">Monthly Payment ..... \$325 Payments Begin ..... March 15, 2017 Payments End (<i>estimated</i>)..... April 15, 2021 Interest rate ..... 5.00%</p>
<p>3. Impaired</p>	<p>Financial Pacific Leasing. This claim is secured by equipment: Haas VF-4 Mill Serial No. 23530. The fair market value of this property is \$26,900. This creditor shall retain its lien until the claim is paid.</p> <p style="padding-left: 40px;">Allowed Secured Amount..... \$8,661 Priority of Lien..... First (PMSI)</p> <p>This claim will be paid:</p> <p style="padding-left: 40px;">Monthly Payment ..... \$200 Payments Begin ..... March 15, 2017 Payments End (<i>estimated</i>)..... February 15, 2021 Interest rate ..... 5.00%</p>

<p>1 2 3 4 5 6 7 8</p> <p>4. Impaired</p>	<p>Pawnee Leasing. This claim is secured by equipment: Bore Repair Systems BRS-2 BOA-408i Welder with EV2 Boring Bar. The fair market value of this property is \$18,000. This creditor shall retain its lien until claim is paid.</p> <p>Allowed Secured Amount.....\$7,930 Priority of Lien.....First (PMSI)</p> <p>This claim will be paid:</p> <p>Monthly Payment .....\$200 Payments Begin .....March 15, 2017 Payments End (<i>estimated</i>).....October 15, 2020 Interest rate .....5.00%</p>
<p>9 10 11 12</p> <p>5. Impaired</p>	<p>Wells Fargo. Account -7699. This claim is secured by a cash deposit of \$5,000. This creditor received relief from the automatic stay, and setoff its claim against the collateral. This creditor will not be paid anything further.</p>
<p>13 14 15</p> <p>6. Impaired</p>	<p>Wells Fargo Account -7969. This claim is secured by a cash deposit of \$1,000. This creditor received relief from the automatic stay, and setoff its claim against the collateral. This creditor will not be paid anything further.</p>
<p>16 17 18 19 20 21 22 23 24 25 26 27 28</p> <p>7. Impaired</p>	<p>Alliance Material Handling. This claim is secured by equipment: Daewoo G25E Forklift #179491. The fair market value of this property is \$6,000. This creditor shall retain its lien until the claim is paid.</p> <p>Allowed Secured Amount.....\$1,000 Priority of Lien.....First (PMSI)</p> <p>This claim will be paid:</p> <p>Monthly Payment .....\$30 Payments Begin .....March 15, 2017 Payments End (<i>estimated</i>).....July 15, 2020 Interest rate .....5.00%</p>

8. Impaired	<p>TimePayment Corp. This claim is secured by equipment: Thermal Dynamics Plasma Cutmaster MX52276103. The fair market value of this property is \$2,500. This creditor shall retain its lien until claim is paid.</p> <p>Allowed Secured Amount.....\$1,840 Priority of Lien.....First (PMSI)</p> <p>This claim will be paid:</p> <p>Monthly Payment .....\$50 Payments Begin .....March 15, 2017 Payments End (<i>estimated</i>).....December 15, 2020 Interest rate .....5.00%</p>
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2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The Debtor has no priority unsecured claims.

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan’s proposed treatment of Class 1, which contains general unsecured claims against the Debtor:

Class # and Impairment	Description, Impairment, Treatment, and Value of Secured Property
9. Impaired	§ 1122(b) Convenience Class. Claims under \$250 shall be paid in full in cash on the effective date of the Plan or when due under contract or applicable nonbankruptcy law.

10. Impaired	<p>General Unsecured Class. Holder of an allowed claim in this class shall be paid a pro rata share of the following monthly payment until the claim is paid in full.</p> <p>Monthly Payment ..... \$5,800  Payments Begin ..... March 15, 2021  Payments End (estimated) ..... March 15, 2022  Interest rate ..... 0.00%  Estimated percent of claim paid ..... 100%</p>
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4. *Class of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company (“LLC”), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

Class # and Impairment	Description, Impairment, Treatment, and Value of Secured Property
11. Impaired	Equity Interest holders. The interests of the members shall not be affected by the Plan. No distributions shall be made to the members during the term of the Plan, other than compensation paid to the Member in his capacity as Manager described below in Section III(D)(2).

**D. Means of Implementing the Plan**

1. *Source of Payments and Method of Distribution*

Payments and distributions under the Plan will be funded by the business operations of the Debtor. Debtor will make approximately 60 payments of \$5,800 under the plan. For the first 48 months, those payments will be devoted to paying the secured claims described above, and for the remaining 12 months, those payments will be paid to general unsecured creditors, pro rata, until the allowed claims are paid in full.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, shall be compensated monthly with the net income from operations of the business—if any—after all expenses and Plan payments have been paid.

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**E. Risk Factors**

The Debtor’s ability to earn income is the only risk factor in this case. Based on the recent trend in jobs quoted and purchase orders received, and the general uptick in copper mining operations, the Debtor is optimistic that it will be able to earn enough income to meet its obligations and make payments under the Plan.

**F. Executory Contracts and Unexpired Leases**

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not expressly assumed will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

*The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Shall be Set by the Court at a Later Date.* Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

**G. Tax Consequences of Plan**

The confirmation and consummation of the Plan may result in federal and state income tax consequences to holders of claims. Tax consequences to a particular creditor will depend on the particular circumstances regarding the claim of that creditor.

*Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.*

**IV. CONFIRMATION REQUIREMENTS AND PROCEDURES.**

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in

1 good faith; at least one impaired class of claims must accept the plan, without  
2 counting votes of insiders; the Plan must distribute to each creditor and equity  
3 interest holder at least as much as the creditor or equity interest holder would  
4 receive in a chapter 7 liquidation case, unless the creditor or equity interest holder  
5 votes to accept the Plan; and the Plan must be feasible. These requirements are not  
6 the only requirements listed in § 1129, and they are *not* the only requirements for  
7 confirmation.

#### 8 **A. Who May Vote or Object**

9 Any party in interest may object to the confirmation of the Plan if the party  
10 believes that the requirements for confirmation are not met.

11 Many parties in interest, however, are not entitled to vote to accept or reject the  
12 Plan. A creditor or equity interest holder has a right to vote for or against the Plan  
13 only if that creditor or equity interest holder has a claim or equity interest that is  
14 both (1) allowed or allowed for voting purposes and (2) impaired.

15 In this case, the Debtor (the plan proponent) believes that all classes are impaired  
16 and that holders of claims in every class are therefore entitled to vote to accept or  
17 reject the Plan.

##### 18 *1. What Is an Allowed Claim or an Allowed Equity Interest?*

19 Only a creditor or equity interest holder with an allowed claim or an allowed  
20 equity interest has the right to vote on the Plan. Generally, a claim or equity  
21 interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's  
22 schedules, unless the claim has been scheduled as disputed, contingent, or  
23 unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless  
24 an objection has been filed to such proof of claim or equity interest. When a claim or  
25 equity interest is not allowed, the creditor or equity interest holder holding the  
26 claim or equity interest cannot vote unless the Court, after notice and hearing,  
27 either overrules the objection or allows the claim or equity interest for voting  
28 purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case will be established by the Court  
at a later date.

##### *2. What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to  
vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of  
the Code, a class is considered impaired if the Plan alters the legal, equitable, or  
contractual rights of the members of that class.

##### *3. Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are not

1 entitled to vote:

- 2 • holders of claims and equity interests that have been disallowed by an order  
3 of the Court;
- 4 • holders of other claims or equity interests that are not “allowed claims” or  
5 “allowed equity interests” (as discussed above), unless they have been  
6 “allowed” for voting purposes.
- 7 • holders of claims or equity interests in unimpaired classes;
- 8 • holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and  
9 (a)(8) of the Code; and
- 10 • holders of claims or equity interests in classes that do not receive or retain  
11 any value under the Plan;
- 12 • administrative expenses.

13 *Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the*  
14 *Confirmation of the Plan and to the Adequacy of the Disclosure Statement.*

15 *4. Who Can Vote in More Than One Class*

16 A creditor whose claim has been allowed in part as a secured claim and in part as  
17 an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to  
18 accept or reject a Plan in each capacity, and should cast one ballot for each claim.

19 **B. Votes Necessary to Confirm the Plan**

20 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one  
21 impaired class of creditors has accepted the Plan without counting the votes of any  
22 insiders within that class, and (2) all impaired classes have voted to accept the  
23 Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting  
24 classes, as discussed later in Section IV(B)(2).

25 *1. Votes Necessary for a Class to Accept the Plan*

26 A class of claims accepts the Plan if both of the following occur: (1) the holders of  
27 more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes  
28 to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of  
the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds  
(2/3) in amount of the allowed equity interests in the class, who vote, cast their  
votes to accept the Plan.

*2. Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless  
confirm the Plan if the nonaccepting classes are treated in the manner prescribed

1 by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly  
2 referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting  
3 classes of claims or equity interests if it meets all the requirements for consensual  
4 confirmation except the voting requirements of § 1129(a)(8) of the Code, does not  
5 “discriminate unfairly,” and is “fair and equitable” toward each impaired class that  
6 has not voted to accept the Plan.

7 *You should consult your own attorney if a “cram down” confirmation will affect*  
8 *your claim or equity interest, as the variations on this general rule are numerous and*  
9 *complex.*

### 10 **C. Liquidation Analysis**

11 To confirm the Plan, the Court must find that all creditors and equity interest  
12 holders who do not accept the Plan will receive at least as much under the Plan as  
13 such claim and equity interest holders would receive in a chapter 7 liquidation. The  
14 assets of this estate are made up of the equipment described in the Petition and  
15 Schedules, and deposits in the Debtor’s bank accounts.

16 The liquidation value of these assets would be difficult, as the equipment is very  
17 large and requires special rigging and transportation. It is estimated that if the  
18 equipment were sold, after deducting the costs of sale, the proceeds would be  
19 insufficient to satisfy the secured claim of Direct Capital, and therefore the general  
20 unsecured creditors would not receive any distribution at all. These estimates are  
21 based on the opinion the Manager, Elvin Fant, Jr.,

22 Under the Plan, the unsecured creditors will be paid in full.

### 23 **D. Feasibility**

24 The Court must find that confirmation of the Plan is not likely to be followed by  
25 the liquidation, or the need for further financial reorganization, of the Debtor or any  
26 successor to the Debtor, unless such liquidation or reorganization is proposed in the  
27 Plan.

28 The Debtor believes that it will have enough cash on hand on the effective date of  
the Plan to pay all the claims and expenses that are entitled to be paid on that date.  
The Debtor further believes, based on the past six months of business operations,  
that it will have enough cash over the life of the Plan to make the required Plan  
payments.

*You Should Consult with Your Accountant or other Financial Advisor If You Have*  
*Any Questions Pertaining to These Projections.*

1       **V.     EFFECT OF CONFIRMATION OF PLAN**

2               **A. Discharge of Debtor.**

3               On the effective date of the Plan, the Debtor shall be discharged from any debt  
4 that arose before confirmation of the Plan, subject to the occurrence of the effective  
5 date, to the extent specified in § 1141(d)(1)(A) of the Code. However, the Debtor  
6 shall not be discharged from any debt imposed by the Plan. After the effective date  
7 of the Plan your claims against the Debtor will be limited to the debts imposed by  
8 the Plan.

9               **B. Modification of Plan**

10              The Plan Proponent may modify the Plan at any time before confirmation of the  
11 Plan. However, the Court may require a new disclosure statement and/or revoting  
12 on the Plan.

13              Upon request of the Debtor, the United States trustee, or the holder of an allowed  
14 unsecured claim, the Plan may be modified at any time after confirmation of the  
15 Plan but before the completion of payments under the Plan, to (1) increase or reduce  
16 the amount of payments under the Plan on claims of a particular class, (2) extend or  
17 reduce the time period for such payments, or (3) alter the amount of distribution to  
18 a creditor whose claim is provided for by the Plan to the extent necessary to take  
19 account of any payment of the claim made other than under the Plan.

20              **C. Final Decree**

21              Once the estate has been fully administered, as provided in Rule 3022 of the  
22 Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as  
23 the Court shall designate in the Plan Confirmation Order, shall file a motion with  
24 the Court to obtain a final decree to close the case. Alternatively, the Court may  
25 enter such a final decree on its own motion.

26       **VI.    POST-CONFIRMATION FINANCIAL REPORTS**

27              The Debtor will file quarterly post-confirmation financial reports pursuant to Fed.  
28 R. Bankr. P. 2015(a)(5).

29       **VII.  INJUNCTION AGAINST COLLECTION FROM GUARANTORS**

30              Members Elvin Fant, Jr. and Joseph Fant, and Joseph Fant's wife, Kelly Fant  
31 (collectively, "Guarantors") have personally guaranteed claims by, among others,  
32 Direct Capital, LEX Group Funding LLC, Balboa Capital, Financial Pacific Leasing,  
33 Time Payment Corp., Alliance Material Handling, and Pawnee Leasing  
34 Corporation.

1 In consideration for the Debtor's proposal to pay these creditors in full, the Plan  
2 shall act as an injunction against the collection from the Guarantors of any claim  
3 provided for in the Plan. This injunction shall remain in effect so long as the Debtor  
4 is performing under the terms of the confirmed Plan. To the extent any creditor  
5 receives payment from any of the Guarantors, the debt owed shall be reduced  
6 accordingly.

7 If creditors are permitted to collect from the Guarantors, the Guarantors will be  
8 forced to file their own bankruptcy cases which will jeopardize the ability of the  
9 Debtor to remain in operation, as the Guarantors are insiders.

10 DATED: December 19, 2016

**THE TURNAROUND TEAM, PLLC**

*/s/Brian M. Blum*

Brian M. Blum

*Attorneys for Debtor / Plan Proponent*