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8 IN THE UNITED STATES BANKRUPTCY COURT
 9 IN AND FOR THE DISTRICT OF ARIZONA

8 In re)	In Proceeding Under
)	Chapter Eleven
9 LEGENDS COLLISION, LLC,)	
)	Case No. 2-16-bk-12658 BKM
10)	
11)	
12)	DISCLOSURE STATEMENT
)	(Small Business Case)
13 Debtor)	
14)	

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15 **I. INTRODUCTION**

16 On November 3, 2016 Debtor, Legends Collision, LLC, (hereinafter referred to as "Debtor"),
17 filed a voluntary petition for Chapter 11 relief in the United States Bankruptcy Court for the District
18 of Arizona.

19 This Disclosure Statement is filed pursuant to 11 U.S.C. §1125 and is intended to provide
20 the holders of claims and interest with adequate information about the Debtor and the Plan so as to
21 enable the creditors to make an informed judgment as to their acceptance or rejection of the Plan.
22

23 **II. DEFINITIONS**

24 As utilized in this Disclosure Statement and in the Plan of Reorganization which
25 accompanies this Disclosure Statement, the following definitions apply to the following terms:
26

- 27 1. "Adequate information" means information that would enable a hypothetical reasonable
28 investor typical of holders of claims or interest of the Debtor's estate, to make an informed judgment

1 about the Debtor's Plan of Reorganization.

2 2. "Allowed and Approved Claim" shall mean all scheduled claims and to which no
3 objection to the claim having been filed. If an objection to a claim is filed, said claim will be
4 allowed to the extent ordered by the Court.
5

6 3. "Bankruptcy Code" shall mean the Bankruptcy Code as set forth in Title 11 of the United
7 States Code.
8

9 4. "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of
10 Arizona.

11 5. "Confirmation of the Plan" shall mean the entry of an order by the Bankruptcy Court
12 confirming the Plan of Reorganization in accordance with §1129 of the Bankruptcy Code.
13

14 6. "Consummation of the Plan" means the accomplishment of all things required or provided
15 for under the terms of the Plan.

16 7. "Court" shall mean the United States Bankruptcy Court for the District of Arizona.

17 8. "Creditors" shall mean all persons holding claims for secured and unsecured obligations,
18 liabilities, demands or claims of any nature whatsoever against the Debtor arising at any time prior
19 to confirmation of the Plan and administrative creditors.
20

21 9. "Debtor" shall mean the petitioner in the above-captioned Bankruptcy case.

22 10. "Disclosure Statement" shall mean this Disclosure Statement (hereinafter "Disclosure
23 Statement") filed in this case approved, after notice and a hearing by the Court as being in
24 conformity with §1125 of the Bankruptcy Code or conditional approval as a small business case, if
25 applicable.
26
27
28

1 11. "Effective Date" shall be thirty (30) days after the entry of an Order Confirming the
2 Chapter 11 Plan of Reorganization.

3 12. "Petition" means to original Chapter 11 Petition filed by the Debtor.

4 13. "Plan" shall mean the Plan of Reorganization accompanying this Disclosure Statement
5 as it may be amended, modified and/or supplemented pursuant to which the Debtor proposes
6 payment in whole or in part of creditors' claims.
7

8 14. "Plan distribution date" shall be the "effective date" and every 30 days thereafter.

9 15. All other terms not specifically defined by this Disclosure Statement shall have the
10 meaning as designated in §101 of the Bankruptcy Code or, if not contained therein, their ordinary
11 meaning.
12

13 III. DISCLAIMER

14 Any representations concerning the Debtor's Plan other than as set forth herein are
15 unauthorized. This Disclosure Statement is designed to provide information the Debtor deems
16 material, important and necessary for its creditors to arrive at an informed decision in exercising their
17 right to accept or reject the Plan. **YOU SHOULD THEREFORE NOT RELY ON ANY OTHER**
18 **INFORMATION, REPRESENTATIONS OR INDUCEMENTS IN ASSESSING THE**
19 **MERITS OF THE DEBTOR'S PLAN OTHER THAN THE INFORMATION CONTAINED**
20 **IN THIS DISCLOSURE STATEMENT.**
21
22

23 The Debtor expressly does not warrant nor represent that there are no inaccuracies in the
24 following Disclosure Statement although the information provided is accurate to the best of its
25 knowledge, information and belief. Creditors should also be aware that the Court has not undertaken
26 any individual determination to verify the accuracy of the information contained in this Disclosure
27
28

1 Statement. Finally, the attorney for the Debtor has not made any independent evaluation as to the
2 accuracy of the information contained herein other than to ascertain that the information contained
3 herein is generally consistent with information provided by the Debtor. Notwithstanding the
4 foregoing, the Debtor believes that the information contained herein is correct and accurate and
5 complies with the requirements of the Bankruptcy Code.
6

7 **IV. DEBTOR'S BACKGROUND, EVENTS LEADING TO**
8 **CHAPTER 11 BANKRUPTCY FILING AND OPERATIONS UNDER CHAPTER 11**

9 Debtor, Legends Collision, LLC ("Debtor" or "Legends") has been in business since April
10 2013. Legends began its operations in Mesa Arizona. Between April 2013 and December 2013 it
11 had gross revenues of \$1.5 million. By the end of 2013, Legend's Managing Member, Jonathan
12 Conner, realized that it had outgrown its Mesa, Arizona facility and began looking for a larger
13 commercial location that could support its growing operations.
14

15 In January 2014, Mr. Conner contacted John Noble with Denali National Trust and began
16 talking to him about renting a 38,000 square foot building located in Tempe, Arizona. In early July,
17 2014 Legends moved its operations to its current location, 7015 South Harl Avenue, Tempe, AZ
18 85283. Legends opened its doors in the new location on July 7, 2014. From January 2014 through
19 December 2014 Legends grossed \$3.6 million in sales. This made Legends one of the fastest
20 growing companies in the State of Arizona. Its growth in this short time was partially due to the
21 implementation of a lean process making Legends one of the most state-of-the-art auto repair body
22 facilities in Arizona. It had the best employees in the industry working under one roof.
23 Implementing this lean process was very stressful for the employees and ownership as they had to
24 learn a new way of operating. Only 3% of body shops in the United States can successfully run this
25
26
27
28

1 lean process. Legends invested \$150,000.00 in new equipment and training from BASF to implement
2 the process successfully.

3
4 Legends is a one-of-a-kind auto body shop in Arizona. Most body shops depend on contracts
5 with the insurance companies that will send them business. Legends has built a customer base with
6 word-of-mouth and advertising. It has no contracts with any insurance companies nor does it do any
7 account work. It has always been very consistent with its sales. It has approximately one hundred
8 cars on its property at any one time, something that is very unusual to see in the industry. It chooses
9 to operate its business this way because it wants consistent sales and does not want to worry about
10 being hostage to one account that could cause it to lose sales. Legends is very stable when it comes
11 to staying consistent with sales. It has built a customer base and a brand that is very much a
12 household name.
13
14

15 Sales with Legends continued to grow and became very stable. From January 2015 through
16 December 2015 Legends grossed \$4.5 million in sales. From January 2016 through December 2016
17 Legends grossed \$4.3 million in sales. In fact, Legends has always been a profitable company.
18

19 In October 2015, the Managing Member of Legends opened a company called Ra-edge. Ra-
20 edge was not a body shop. It built custom motorcycles. From October 2015 through December 2015
21 Legends invested \$700,000.00 into this company. Ra-edge was getting business from all over the
22 United States. From January 2016 through October 2016 Legends invested another \$800,000.00 into
23 Ra-edge. The overall total investment was \$1.5 million. Admittedly, a lot of things went wrong
24 with this investment. Ra-edge's overhead was very high. Investing in Ra-edge is the reason why
25 Legends ended up in this Chapter 11. Legends has ceased investing in Ra-edge and is back to
26 concentrating on what made it a great company and employer. It has gone back to its core business
27
28

1 of being a well respected and high quality body shop. The principals of Legends at the time the
2 Chapter 11 was filed (Jonathan and Lisa Conner) were heartbroken and became committed to
3 getting the company back on the right track.
4

5 *Post-Petition Events*

6 As of November 3, 2016, the date Legends filed this Chapter 11, the Conners went to the
7 drawing board. The very first thing Mr. Conner did was lower the overhead for Legends and
8 tightened up the rope. For the next three months, from November 3, 2016 to February 2017 he
9 wanted to see if Legends would be able to stand on its own and have the money to move cars through
10 its shop. It struggled to buy parts. Without money for parts, Legends would have no revenues.
11 Realizing the need to seek out an investor who would become an active member of Legends, Mr.
12 Conner began looking for someone who was willing to put money into the company and be a part
13 of the day-to-day operations during the course of the Chapter 11 and well into the future. This
14 search included looking for somebody that had experienced with a Chapter 11 and was very
15 knowledgeable about gross profit and finances issues. The fact was that Legends needed a cash
16 investment to be able to operate at full strength and generate sales successfully.
17
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19

20 A lot has transpired since the filing of this Chapter 11. On November 3, 2016, the day the
21 case was filed, the Debtor filed its Expedited Motion Authorizing Payment of Pre-Petition Wages
22 and Salaries. An Objection to the Motion was received and after the Court held an emergency
23 hearing, the objection was resolved. On November 10, 2016 the Court entered an Order allowing
24 the Debtor to provide payment to its valued employees. On November 18, 2016 the Debtor filed
25 its Emergency Motion to Approve Use of Cash Collateral. Senior lienholder, First International
26 Bank and Trust, who opposed the Debtor's continued operations from day one, filed an Objection
27
28

1 to the use of its cash collateral however, over the course of the following sixty days the Debtor
2 negotiated a settlement with First International Bank and Trust relative to its treatment in the Chapter
3 11 proceeding. The settlement between these parties was approved by the Court on February 21,
4 2017.

5
6 Having made peace with First International Bank and Trust, the Debtor turned its attention
7 to another potentially objecting creditor, one who claimed a second lien position in the Debtors'
8 assets, Nextwave Funding. Unfortunately for Nextwave Funding, negotiations broke down when
9 it was discovered that this creditor failed to properly record its UCC-1 Financing Statement thus
10 making it an unsecured creditor.

11
12 On the administrative side of the case, Legends understood that its main focus was getting
13 its financial records in order and preparing and filing all missing State and Federal Income Tax
14 Returns. To assist in this endeavor Legends filed its Application to Employ Accountant on
15 December 14, 2016. The Court entered an Order approving the Application on December 14, 2016.
16 The Court appointed accountant then began the arduous task of correcting Legend's books, preparing
17 all tax returns, supplying requested documentation pursuant to a Rule 2004 Order to the Arizona
18 Department of Revenue and preparing all Monthly Operating Reports.

19
20 With its financial house back in order, Legends had three scenarios at its doorstep. One of
21 them was not the direction Legends wanted to go. In March 2017, Mr. Conner sat down with two
22 diverse groups and provided all financials. Both groups came back to him with offers to infuse
23 capital into the company to assist its reorganization. One group, spearheaded by Mike Schern and
24 Ryan Atwood, seemed to be a good fit. These were the two sophisticated business men that Legends
25 needed to be successful. Mr. Schern and Mr. Atwood did their due diligence by going through
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28

1 everything and turning every rock upside down so that they knew exactly what they were getting
2 into. They were willing to make a commitment to Legends without any financial gain until all
3 creditors and vendors were paid back. They also brought experience to the table, which is priceless.
4 They came back to Legends with not just how they were going to financially help the company, but
5 also with the actions that they were going to take that would help this company become profitable.
6 They also came back with a plan that would allow Legends to be in a financial position to pay
7 vendors and creditors.
8
9

10 On May 4, 2017, Mike Schern and Ryan Atwood, through MAR Group, LLC, became the
11 Managing Member holding a 50% interest in Legends. Over the following two weeks, MAR Group
12 made huge strides in its effort to get Legends moving again. Legends once again is now able to run
13 the sales and gross profit needed to work towards paying its vendors and creditors.
14

15 Together, the members of Legends have officially put Legends in a position to successfully
16 work with all the creditors and vendors and to be able to put a plan of action in place. The prior
17 management of Legends regrets its decision to invest in Ra-edge and, had it not been for that
18 investment, does believe Legends would never have been in the position it was in prior to filing this
19 Chapter 11. Having said that, management, old and new, believes that every decision made since
20 the filing of this case, has been a step forward in a successful reorganization and all want to thank
21 the creditors for giving Legends this opportunity to regain the success it once had.
22
23

24 The Debtor is now ready to move forward with its Disclosure Statement and a viable Chapter
25 11 Plan that will address the claims of the pre petition creditors.
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1 **V. VOTING**

2 **A. Ballots and Voting Deadline.**

3
4 A ballot to be used for voting to accept or reject the Plan is enclosed with this Disclosure
5 Statement and mailed to creditors entitled to vote. A creditor must (1) carefully review the ballot
6 and instructions thereon; (2) execute the ballot; and, return it to the address indicated thereon by the
7 deadline in order to be considered for voting purposes. The Bankruptcy Court has directed that, in
8 order to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be
9 received no later than the date established by the Bankruptcy Court, with a copy being provided to
10 the following address: Allan D. NewDelman, P.C., 80 East Columbus Avenue, Phoenix, Arizona
11 85012. *The enclosed Ballot states the Court established deadline in which all ballots must be filed*
12 *with the Court and copies provided to Debtor's counsel.*
13
14

15 **B. Creditors Entitled to Vote.**

16 Any creditor of the Debtor, whose claim is impaired under the Debtor's Plan of
17 Reorganization is entitled to vote. Any claim as to which an objection has been filed (and such
18 objection is still pending) is not entitled to vote, unless the Bankruptcy Court temporarily allows the
19 claim in an amount which it deems proper for the purpose of accepting or rejecting the Plan upon
20 Motion by the creditor whose claim is subject to any objection. Such motion must be heard and
21 determined by the Bankruptcy Court prior to the date established by the Court to confirm the Plan.
22 In addition, a creditor's vote may be disregarded if the Bankruptcy Court determines that the
23 creditor's acceptance or rejection was not solicited or procured in good faith or in accordance with
24 the provisions of the Bankruptcy Code.
25
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1 C. Definition of Impairment.

2 Under §1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under
3 a Plan or Reorganization unless, with respect to each claim or equity interest of such class, the Plan:

4 Except as provided in Section 1123(a)(4) of this title, a class of claims or interests
5 is impaired under a plan unless, with respect to each claim or interest of such class,
6 the plan –
7

8 (1) leaves unaltered the legal, equitable, and contractual rights to
9 which such claim or interest entitles the holder of such claim or
10 interest;

11 (2) notwithstanding any contractual provision or applicable law that
12 entitles the holder of such claim or interest to demand or receive
13 accelerated payment of such claim or interest after the occurrence of
a default –

14 (A) cures any such default that occurred before or after the
15 commencement of the case under this title, other than a default of a
16 kind specified in Section 365(b)(2) of this title;

17 (B) reinstates the maturity of such claim or interest for any
18 damages incurred as a result of any reasonable reliance by such holder
on such contractual provision of such applicable law; and,

19 (C) compensates the holder of such claim or interest for any
20 damages incurred as a result of any reasonable reliance by such holder
21 or such contractual provision or such applicable law; and

22 (D) does not otherwise alter the legal, equitable, or contractual
23 rights to which such claim or interest entitles the holder of such claim
or interest.

24 D. Classes Impaired Under the Plan.

25 Creditors holding claims or interests in Classes 1B, 1C, 1D, 2, 4, 7, 8, 9, 10 and 11 are
26 impaired under the Plan and are eligible, subject to the limitations set forth within the Disclosure
27
28

1 Statement and Chapter 11 Plan of Reorganization, to vote to accept or reject the Plan. Creditors
2 holding claims in Classes 1, 1A, 3, 5, 6, 11A, and 12 are not impaired or are non-voting under the
3 Plan and are not entitled to vote with respect to acceptance or rejection of the Plan.
4

5 E. Votes Required for Class Acceptance.

6 The Bankruptcy Code defines acceptance of a Plan by a class of creditors as acceptance by
7 holders of two-thirds in dollar amount and by a majority in number of the claims of that class which
8 actually cast ballots for acceptance or rejection of the Plan, i.e., acceptance takes place only if two-
9 thirds in amount and a majority in numbers of the creditors actually voting cast their ballots in favor
10 of acceptance.
11

12 SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THE BALLOT OR BALLOTS
13 BE MAILED OR DELIVERED WELL IN ADVANCE OF THE DATE SPECIFIED. ANY
14 BALLOTS RECEIVED AFTER THIS DATE MAY NOT BE INCLUDED IN ANY
15 CALCULATION TO DETERMINE WHETHER THE Debtor' CREDITORS HAVE VOTED TO
16 ACCEPT OR REJECT THE PLAN.
17

18 THIS IS A SOLICITATION BY THE PROPONENT ONLY AND IS NOT A
19 SOLICITATION BY THE PROPONENT'S ATTORNEY OR ACCOUNTANT, AND THE
20 REPRESENTATIONS MADE HEREIN ARE THOSE OF THE PROPONENT AND NOT OF THE
21 PROPONENT'S ATTORNEY OR ACCOUNTANT, EXCEPT AS OTHERWISE INDICATED.
22 THE RECORDS SUBSEQUENT TO THE FILING OF THE PETITION FOR REORGANIZATION
23 HAVE BEEN KEPT BY THE DEBTOR-IN-POSSESSION AND MONTHLY FINANCIAL
24 REPORTS HAVE BEEN SUBMITTED BY THE DEBTOR-IN-POSSESSION FROM TIME TO
25 TIME SINCE THE FILING OF THE PETITION. WHILE EVERY REASONABLE EFFORT HAS
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1 BEEN MADE TO ENSURE THE ACCURACY OF THE MONTHLY REPORTS, THEIR
2 ACCURACY CANNOT BE GUARANTEED.

3
4 **VI. GENERAL INFORMATION AND DISCLOSURE**

5 **Utilizing the Standards of A.C. Williams**

6 **Sources of information.**

7 Information relating to financial matters has been taken from the records of Debtor with the
8 assistance of the Court Appointed Accounting Firm. Information of a legal nature has been provided
9 by the counsel of record.
10

11 **Current Condition of Debtor.**

12 The Debtor has continued to operate its business and has seen increases in gross receipts with
13 the assistance of new management since the filing of the case.
14

15 **The Accounting Process.**

16 The accounting process is conducted using generally accepted accounting principles.
17 Accounting information is furnished by The Alt Key with the assistance of the Debtor.
18

19 **Inventory and Asset Description.**

20 See Article XII.

21 **Future Management.**

22 Management of Debtor's affairs will remain with the Debtor.
23

24 **The Anticipated Future of Debtor's Affairs.**

25 The funds needed to comply with the Debtor's Plan of Reorganization shall come from the
26 Debtor's business revenues. The Debtor has continued to operate its business and has seen increases
27
28

1 in gross receipts since the filing of this case. The Debtor believes that its reputation in the industry
2 along with the steady flow of insurance claims for damage to vehicles will allow it to grow and thus
3 concentrate on the job at hand including reorganizing successfully under the Plan filed with the
4 Court.
5

6 **Incidents which led to the filing of the Chapter 11.**

7 See ARTICLE IV of this Disclosure Statement.
8

9 **Disclaimer regarding the information given.**

10 See ARTICLE III of this Disclosure Statement.

11 **Amount of claims scheduled.**

12 See ARTICLES VII AND VIII.
13

14 **The estimated return to the creditors if liquidated.**

15 See ARTICLES XI AND XII.

16 **A copy of the proposed plan.**

17 See Exhibit "A" attached hereto.
18

19 **VII. FINANCIAL INFORMATION**

20 **Administrative Claims.**

21 These claims consist of the expenses of administration of the estate including attorney fees
22 for Debtor's counsel, fees and costs to the Court appointed accounting firm, post petition taxes not
23 otherwise incorporated into the taxing agency's priority claim, and any unpaid fees to the U.S.
24 Trustee.
25
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3
4 Unsecured Claims.

5 As reflected in the schedules filed by the Debtor and supplemented by various Proof of
6 Claims that have been filed, Debtor has general unsecured claims in the amount of \$807,726.93.¹
7 The Debtor's Chapter 11 Plan of Reorganization will be a base Plan with minimum payments of
8 allowed claims to be made as set forth in the attached Disbursement Schedule.
9

10 Secured Claims.

11 As reflected in the schedules filed by the Debtor and supplemented by various Proof of
12 Claims and approved Stipulations that have been filed, Debtor has secured debt totaling
13 \$517,885.61².
14
15
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19
20 ¹This amount includes the amount listed on the "secured" Proof of Claim filed by Nextwave Enterprises, LLC,
21 Claim 4, in the amount of \$310,515.77. An objection to the Claim will be filed as this creditor failed to properly record
22 a UCC-1 Financing Statement against the assets of the Debtor. Said recording was not done with the Secretary of State
23 as required under Arizona law.

24 This amount does not include the insider loan amount of \$30,000.00 as listed on Schedule F.

25 This amount does not include the \$25,000.00 listed on Schedule F as owed to Select Equipment & Leasing as,
26 per the information provided by the Creditor after the filing of the Chapter 11, the obligation is for leased equipment
27 more properly reported on Schedule G.

28 This amount does not include the \$147,000.00 listed on Schedule F as owed to Knight Capital Funding as, per
the information provided by the Creditor after the filing of the Chapter 11, the creditor holds a properly perfected UCC-1
Financing Statement against the assets of the Debtor and is therefore a secured creditor.

²This amount does not include Claim 4 (see Footnote 1).

This amount includes Knight Capital Funding (see Footnote 1).

This amount includes Claim 11 filed by Lease Corp of America in the amount of \$94,945.73. Creditor
categorizes its claim as a "lease" however, based upon the terms of the contract attached to the claim, the obligation is
in the nature of a disguised purchase contract with a \$1.00 buyout at the end of the 39 month term.

1 Tax Claims.

2 As reflected in Proof of Claims filed by the taxing agencies, the following taxes are owed:

3

4 Tax Agency	Claim No.	Priority Unsecured	General Unsecured
5 ADOR	7-3	\$115,947.75	\$25,585.51 *
6 IRS	1-3	\$336,011.25	\$102,554.28 **
AZ DES	5-1	\$ 2,182.13	\$ 0.00

7 *The general unsecured amount is not included in the unsecured calculation above.

8 ** The general unsecured amount is included in the unsecured calculation above and the claim itself
9 is reporting one or two unfiled returns. The amount may be adjusted as necessary.

10 **VIII. SUMMARY OF THE PLAN OF REORGANIZATION**

11 The Plan provides for 12 classes and 5 subclass of claims to be paid or administered in the
12 following manner:

13 Administrative Claims

14 These claims are for the expenses of administration of the estate, including attorney
15 fees for Debtor's counsel, fees paid or to be paid to the Court appointed accountant, any unpaid post
16 petition tax claims and fees that may be owed and to the U.S. Trustee, if any.

17 Allan D. NewDelman, P.C. (Class 1).

18 *Attorney's Fees:* The total amount of attorneys fees incurred to Debtor's Bankruptcy
19 Counsel, Allan D. NewDelman, as of June 6, 2017 is \$42,551.88 subject to an offset against
20 retainers of \$21,328.92 leaving a balance due through June 6, 2017of \$21,222.96. Debtor believes,
21 at the time that the Debtor's Chapter 11 Plan is confirmed, that there will an additional attorney's
22 fees administrative expense claim in the approximate amount of \$7,000.00 bringing the total balance
23 due but not paid to \$28,222.96. The additional \$7,000.00 includes anticipated fees for administration
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1 of the Debtor's Chapter 11 case, for preparing the Debtor's Disclosure Statement and Plan of
2 Reorganization and to cover the anticipated fees through the confirmation process.

3
4 This claim shall be paid in cash, or in the amounts allowed by the Court, upon the Plan
5 distribution date unless otherwise agreed to between the Debtor and the administrative creditor. **This**

6 **Class is not impaired.**

7 The Alt Key (Class 1A).

8
9 *Accountant's Fees:* The total amount of accountant fees and costs incurred to Debtor's Court
10 Appointed Accountant, The Alt Key, as of June 12, 2017 is \$46,432.58 subject to an offset against
11 retainers leaving a balance due through June 12, 2017 of \$23,932.58 to be paid under the Plan as
12 described in **Exhibit "B"**.

13
14 This claim shall be paid in cash, or in the amounts allowed by the Court, upon the Plan
15 distribution date unless otherwise agreed to between the Debtor and the administrative creditor.

16 **This Class is not impaired.**

17 Arizona Department of Revenue (Class 1B) - Claim 10-4

18
19 Pursuant to Claim number 10-4 the Debtor owes post petition taxes to the Arizona
20 Department of Revenue in the amount of \$58,588.14. Said amount shall be paid within Class 9 as
21 provided for in the Disbursement Schedule attached as **Exhibit "B"**. **This Class is impaired.**

22 Internal Revenue Service (Class 1C) - No Claim Filed

23
24 The Internal Revenue Service, to the extent that it has an administrative claim for post
25 petition taxes, shall be paid within Class 8 as provided for in the Disbursement Schedule attached
26 as **Exhibit "B"**. **This Class is impaired.**

1 Arizona Department of Economic Security (Class 1D) - No Claim Filed

2 The Arizona Department of Economic Security, to the extent that it has an administrative
3 claim for post petition taxes, shall be paid within Class 10 as provided for in the Disbursement
4 Schedule attached as **Exhibit "B"**. **This Class is impaired.**

5 Secured Claim - First International Bank & Trust (Class 2) - No Claim Filed

6 First International Bank and Trust is secured by a first position lien on all of the Debtor's
7 assets as set forth in its UCC-1 Financing Statement in the total amount of \$125,000.00. By Order
8 of the Court entered on February 21, 2017 this claims shall be treated as follows:
9

10 *Legends Collision, LLC ("Debtor") and secured creditor, First International Bank and*
11 *Trust, its successor and/or assigns ("Secured Creditor"), collectively referred to as "the Parties",*
12 *by and through their respective attorneys, enter into this Stipulation for Claim Treatment regarding*
13 *Secured Creditor's claims secured by a duly recorded UCC-1 Security Agreement and its perfected*
14 *lien in a 1994 Peterbilt Semi 379 ("Subject Property") and hereby stipulate and agree as follows:*
15

16 **RECITALS**

17
18
19 1. *On or about November 20, 2015, the Debtor entered into two loan agreements with*
20 *Secured Creditor. The first loan agreement (hereinafter referred to as the "First Secured Loan")*
21 *consists of a Promissory Note extending a revolving line of credit to the Debtor in the amount of*
22 *\$125,000.00 and is secured by all of the Debtor's assets, including all shop equipment, receivables,*
23 *and cash through a duly recorded UCC-1 Security Agreement, recorded at the Arizona Secretary*
24 *of State's office on March 3, 2016 under file number 2016-000-8476-8. In addition to the UCC-1*
25 *Security Agreement, this First Secured Loan includes liens against three vehicles, a 2007 Kia*
26
27
28

1 *Optima; a 2002 Chevrolet van; and a 2005 Chevrolet pickup truck. The First Secured Loan matured*
2 *on November 20, 2016.*

3
4 *The second loan agreement (hereinafter referred to as the "Second Secured Loan"), consists*
5 *of a Promissory Note extending a \$52,000.00 loan to the Debtor for the purchase of a 1994 Peterbilt*
6 *semi-trailer truck model 379, VIN 1XP5DB9X8RN352442. As of January 4, 2017, the balance owed*
7 *to Secured Creditor for the Second Secured Loan is \$42,129.80.*

8
9 *2. In addition to the two aforementioned secured loans, Secured Creditor and the*
10 *Debtor also entered into agreements relating to three unsecured credit cards. The combined*
11 *balance owed on the three unsecured credit cards is no less than \$18,822.00.*

12
13 *3. On November 3, 2016 the Debtor filed its voluntary petition under Chapter 11 of the*
14 *Bankruptcy Code.*

15
16 *4. On November 18, 2016 the Debtor filed its Emergency Motion for Interim Order to*
Utilize Cash Collateral.

17
18 *5. On November 21, 2016 Secured Creditor filed its Opposition to Emergency Motion*
19 *for Interim Order to Utilize Cash Collateral.*

20
21 *6. An Emergency Hearing on the Motion was held on November 22, 2016. At that*
Hearing the Court set a trial for December 6, 2016. Prior to trial the Parties resolved the dispute.

22
23 **AGREEMENTS**

24
25 *7. The Secured Creditor and the Debtor agree that the First Secured Loan is fully*
secured and is allowed in the amount of \$125,000.00.

26
27 *8. The Secured Creditor and the Debtor agree that Second Secured Loan is fully*
28 *secured and is allowed in the amount of \$42,129.80.*

1 9. *The Secured Creditor and the Debtor agree that the Secured Creditor also holds an*
2 *unsecured claim for three outstanding credit cards and the total owed on those credit cards is no*
3 *less than \$18,822.00.*

4
5 10. *The Secured Creditor and the Debtor agree to modify the terms of Promissory Note*
6 *associated with the First Secured Loan as follows:*

- 7 a. *The principal balance shall remain at \$125,000.00;*
8
9 b. *The principal balance shall accrue interest at the rate of 8% per annum.*
10 c. *The monthly payment of principal and interest shall be \$5,653.41;*
11 d. *The monthly payment shall be due on the 20th day of each month commencing*
12 *December 20, 2016;*
13
14 e. *The maturity date shall be November 20, 2018;*
15
16 f. *Payments shall be tendered to the Secured Creditor either by US Mail or by*
17 *electronic means. If by US Mail, payment shall be mailed to First*
18 *International Bank & Trust, 7900 East Raintree Drive, Scottsdale, Arizona,*
19 *85260.*
20 g. *Should the Debtor fail to tender the payments as required under this*
21 *Stipulation and/or should the Debtor's accounts receivable security the First*
22 *Secured Loan fall below the sum of \$135,000.00, then Secured Creditor shall*
23 *provide written notice to the Debtor and Debtor's attorney indicating the*
24 *nature of the default. If the Debtor fails to cure the default within fifteen (15)*
25 *days of the date of the written notice, Secured Creditor, at its sole discretion,*
26 *shall be entitled to submit an Order to this Court terminating the Automatic*
27
28

1 *Stay of Section 362 of the Bankruptcy Code and upon entry of that Order*
2 *pursue enforcement of the balance due under the Promissory Note against*
3 *the collateral provided for under the UCC-1 security agreement. Notice*
4 *under this provision is to be made as follows (unless notified in writing of an*
5 *alternate address):*

7 *To the Debtor: Legends Collision, LLC.*
8 *7015 South Harl Avenue*
9 *Tempe, AZ 85283*

10 *To Debtor's Attorney: Allan D. NewDelman, Esq.*
11 *80 East Columbus Avenue*
12 *Phoenix, AZ 85012*

- 13 *h. Secured Creditor hereby grants permission for the Debtor to use its cash*
14 *collateral at Debtor's sole discretion, through and including Confirmation*
15 *of a Chapter 11 Plan of Reorganization provided that the Debtor is not in*
16 *default under the terms of this modification to the First Secured Loan,*
17 *including any cure upon Notice of Default.*
- 18 *i. Upon full payment of the allowed secured claim of \$125,000.00 plus any*
19 *accrued post modification interest, Secured Creditor shall immediately*
20 *release any and all rights or interest in may have in any collateral currently*
21 *held to secure the First Secured Loan.*
- 22 *j. Except as otherwise expressly provided above, all remaining terms of the*
23 *Promissory Note not modified herein shall remain in effect.*

1 11. *The Debtor shall satisfy the Second Secured Loan with a Court approved sale of the*
2 *subject property securing the Second Secured Loan. The Debtor shall use its best efforts to market*
3 *and sell the 1994 Peterbilt semi-trailer truck model 379, VIN 1XP5DB9X8RN352442. Unless the*
4 *Debtor has obtained an Omnibus Order from this Court granting it the right to sell the collateral*
5 *without further Order, any contract for sale must be presented to the Bankruptcy Court for approval.*
6 *The sale price of the collateral shall be no less than the allowed secured claim of \$42,129.80. Any*
7 *excess proceeds shall remain property of the bankruptcy estate. Until such time as the collateral*
8 *has been sold and the allowed secured claim is paid in full the Debtor shall maintain full insurance*
9 *coverage on the collateral.*

12 12. *The Debtor has not yet filed a Chapter 11 Plan of Reorganization. When the Debtor*
13 *does file its Chapter 11 Plan of Reorganization or any subsequent Amended Plan, the Plan shall*
14 *incorporate the terms and conditions of this Stipulation and, accordingly, the treatment afforded to*
15 *Secured Creditor herein. In the event of a conflict between the terms of this Stipulation and the*
16 *terms of the Debtor's Plan or later Amended Plan, then the terms of this Stipulation shall control*
17 *the treatment of Secured Creditor's claims.*

20 13. *Secured Creditor's execution of this Stipulation shall constitute ballots voting in*
21 *favor of the Debtor's Plan or Amended Plan in all Classes that are applicable, so long as the Plan*
22 *or Amended Plan incorporates the terms as set forth herein.*

24 14. *Each party is to bear its own fees and costs.*

25 **This Class is impaired.**

1 Secured Claim - First International Bank & Trust (Class 3) - No Claim Filed

2 As stated above, First International Bank & Trust is secured by a 1994 Peterbilt semi-trailer
3 truck model 379, VIN 1XP5DB9X8RN352442. Pursuant to the terms of the Stipulation as indicated
4 above, the Debtor was to sell the collateral for the benefit of the creditor and the bankruptcy estate.
5 The Debtor was unable to locate a buyer and subsequently surrendered the collateral to First
6 International Bank & Trust. As the collateral is believed have a value in excess of the amount owed
7 under the loan, the surrender shall be in full satisfaction of the claim held by the creditor and shall
8 not receive any payments under the Plan. **This Class is not impaired.**

9
10
11 Secured Claim - Knight Capital Funding III, LLC (Class 4) - Claim 14

12 Creditor secured by a properly recorded UCC-1 Financing Statement, recorded at the Arizona
13 Secretary of State on October 3, 2016 under recording number 2016-003-5782-7 has filed a Proof
14 of Claim showing a principal balance owed of \$172,960.21. Said creditor shall be paid its principal
15 balance with interest at 4% in payments of \$5,653.41 beginning after completion of payments to the
16 senior lienholder, First International Bank & Trust (See Class 2 above). This monthly payment shall
17 continue for a total of approximately 33 months (See Exhibit "B"). **This Class is impaired.**

18
19
20 Secured Claim - Ford Motor Credit (Class 5) -Claim No. 6

21 Ford Motor Credit is secured by a 2015 Ford F250, VIN: 1FT7W2BT3FEA18729. Pursuant
22 to its Proof of Claim, the balance owed on the vehicle as of the Petition Date was \$38,810.08
23 including \$180.49 in accrued interest.

24
25 On December 7, 2016 the Court entered an Order Granting Motion for Interim Compensation
26 as and for Adequate Protection directing the Debtor to tender the contractual monthly payment of
27 \$1,129.76 directly to Ford Motor Credit.
28

1 The Debtor shall continue to service this loan obligation pursuant to the terms and conditions
2 of the contract until the vehicle is paid in full. **This Class is not impaired.**

3
4 **Unsecured Claim - Nextwave Enterprises (Class 6) - Claim No. 4**

5 Nextwave Enterprises (“Nextwave”) purports to be a secured creditor. On or about August
6 22, 2016 this creditor recorded a UCC-1 Financing Statement with the Maricopa County Recorder’s
7 Office under Instrument Number 20160599123. Nextwave does not have a lien against real property
8 or fixtures attached to such real property belonging to the Debtor as neither the Debtor nor this Estate
9 own real property. Pursuant to ARS 47-9501(A)(2), Nextwave was required to record its UCC-1
10 Financing Statement with the Arizona Secretary of State. The recording done by Nextwave does not
11 perfect its security interest. As a result this creditor is not properly perfected and is not a secured
12 creditor in this Chapter 11 Proceeding. An Objection to the Proof of Claim will be filed and said
13 creditor shall be classified and paid as stated in Class 11. **This Class is a non voting class.**

14
15
16 **Secured/lease Claim - Lease Corp of America (Class 7) - Claim No. 11**

17 Despite the description on the Proof of Claim as a lease, the contract attached to the Proof
18 of Claim shows that Lease Corp of America is secured by equipment that is being purchased by the
19 Debtor (end of lease purchase option of \$1.00). Creditor is owed \$94,945.73. The equipment that
20 secures this loan has a Fair Market Value of \$71,000.00 as stated in the Debtor’s Schedules.
21 Creditor shall have a secured claim of \$71,000.00 to be paid with interest at 4% in payments of
22 \$1,307.57 per month for a total of 60 months. (See **Exhibit “B”**) Payments shall begin as of the
23 Effective Date of the Plan. Upon payment of the secured claim, said creditor shall release any and
24 all recorded liens against the property that secures its claim. The balance of its claim shall be
25 classified and paid under Class 11 below. **This Class is impaired.**

1 Unsecured Priority Claim - Internal Revenue Service (Class 8) - Claim No. 1-3.

2 The Internal Revenue Service (“IRS”) shall have a priority claim in the amount of
3 \$336,011.25 subject to adjustment once its claim is reconciled with the reference to any un-filed tax
4 returns. In addition and as referenced in Class 1C above, the IRS holds an administrative claim in
5 the estimated amount of \$75,000.00 for a total priority and administrative claim of **\$411,011.25.**

6 This IRS priority and administrative claim shall, subject to IRS’s approval, be paid with interest at
7 the statutory rate set forth in I.R.C. §§6621 and 6622 that is in effect during the month that the Plan
8 is confirmed, as required by 11 U.S.C. §511. This priority and administrative amount, shall be paid
9 in the sum of \$8,621.99 per month until paid in full (See **Exhibit “B”**). Payments shall be due on
10 the 3rd day of each month commencing July 3, 2017, regardless of the date of Plan Confirmation.

11 Payments under this Class will be completed within 5 years from the date of the Petition. All
12 payments shall be made payable to the Internal Revenue Service and sent to the following address:
13

14 David G. Schuetz
15 Internal Revenue Service
16 4041 North Central Avenue
17 MS 5014
18 Phoenix, AZ 85012-5000
19

20 The Debtor’s failure to comply with the Plan provisions concerning the liability owed to the
21 IRS which includes, but not limited to, the failure to make the full and timely payments of all
22 amounts due under the Confirmation Order, except as provided for in a Court ordered moratorium,
23 as well as full and timely payments of all amounts due for post-confirmation periods, shall constitute
24 a default of the Plan. If the Debtor fails to cure the default within ten (10) days after written notice
25 of the default from the IRS or its agents is mailed to the Debtor and the Debtor’s attorney, the entire
26 imposed liability together with any unpaid current liabilities, shall become due and payable
27
28

1 immediately. Further, in the event of a default, the IRS may collect unpaid liabilities through
2 administrative collection provisions or the judicial remedies as set forth in the Internal Revenue
3 Code. The IRS shall not be required to seek modification of the automatic stay to collect any tax
4 liabilities that were not discharged by the confirmation of the Plan and from property that has been
5 revested with the Debtor.
6

7 The IRS shall be entitled to any additional interest that accrues as a result of the Debtor's
8 failure to make payments in accordance with the schedule attached hereto. **This Class is impaired.**
9

10 Unsecured Priority Tax Claim of the Arizona Department of Revenue (Class 9) - Claim No.

11 7-3

12 The Arizona Department of Revenue ("ADOR") shall have a priority claim in the amount
13 of \$115,947.75. In addition, and as referenced in Class 1B above, ADOR holds an Administrative
14 Claim in the amount of \$58,588.14 for a total priority and administrative claim of **\$174,535.89**. The
15 ADOR's priority and administrative claim shall be paid with interest at the statutory rate as set forth
16 in ARS § 42-1123(A), that is in effect during the month that the Plan is confirmed, as required by
17 11 U.S.C. §511. This priority and administrative amount shall be paid in the sum of \$3,661.33 per
18 month until paid in full (See **Exhibit "B"**). Payments shall be due on the 3rd day of each month
19 commencing July 3, 2017, regardless of the date of Plan Confirmation. Payments under this Class
20 will be completed within 5 years from the date of the Petition. All payments shall be made payable
21 to the **Arizona Attorney General** and sent to the following address:
22
23
24

25 Christopher Dylla, Esq.
26 Bankruptcy & Collection Enforcement Section
27 1275 West Washington
28 Phoenix, AZ 85007

1 The Debtor's failure to comply with the Plan provisions concerning the liability owed to the
2 ADOR, which includes, but not limited to, the failure to make the full and timely payments of all
3 amounts due under the Confirmation Order as well as full and timely payments of all amounts due
4 for post-confirmation periods, shall constitute a default of the Plan. If the Debtor fails to cure the
5 default within ten (10) days after written notice of the default from either the ADOR or its agents,
6 the entire balance due ADOR shall be immediately due and owing. Further, in the event of a default,
7 ADOR may enforce the entire amount of its claim, exercise any and all rights and remedies under
8 applicable non-bankruptcy law which includes, but is not limited to, state tax collection procedures,
9 and obtain any other such relief deemed appropriate by the Bankruptcy. **This Class is impaired.**

12 **Unsecured Priority Tax Claim of the Arizona Department of Economic Security (Class 10) -**
13 **Claim No. 5-1**

15 The Arizona Department of Economic Security ("ADES") shall have a priority claim in the
16 amount of \$2,182.13. In addition and as referenced in Class 1D above, the ADES holds an
17 administrative claim in the estimated amount of \$2,658.12 for a total priority and administrative
18 claim of \$4,840.25. The ADES's priority and administrative claim shall be paid with interest at the
19 statutory rate of 12% per annum. This priority and administrative amount shall be paid within sixty
20 days after the Effective Date. (See **Exhibit "B"**) All payments shall be made payable to the
21 **Arizona Department of Economic Security** and sent to the following address:
22

24 AZ Department of Economic Security
25 P.O. Box 6028
26 Phoenix, AZ 85005

27 The Debtor's failure to comply with the Plan provisions concerning the liability owed to the
28 ADES, which includes, but not limited to, the failure to make the full and timely payments of all

1 amounts due under the Confirmation Order as well as full and timely payments of all amounts due
 2 for post-confirmation periods, shall constitute a default of the Plan. If the Debtor fails to cure the
 3 default within ten (10) days after written notice of the default from either the ADES or its agents,
 4 the entire balance due ADES shall be immediately due and owing. Further, in the event of a default,
 5 ADES may enforce the entire amount of its claim, exercise any and all rights and remedies under
 6 applicable non-bankruptcy law which includes, but is not limited to, state tax collection procedures,
 7 and obtain any other such relief deemed appropriate by the Bankruptcy. **This Class is impaired.**

10 General Unsecured Claims (Class 11)

11 All allowed and approved claims under this Class shall be paid in full from all funds
 12 available for distribution as set forth in the Disbursement Schedule attached hereto as **Exhibit "B"**.

13 Interest in this Class shall not be paid unless required by law. It is anticipated that payments under
 14 this Class shall begin in the 29th month of the Plan, after payment in full of all allowed administrative
 15 expenses and Knight Capital, at the starting rate of \$5,653.41 per month, disbursed on a pro rata
 16 basis. **This Class is impaired.** Class 11 shall be made up of the following creditors :

18	Creditor	Claim	Claim_	Projected
19	<u>Name</u>	<u>No.</u>	<u>Amount</u>	<u>Dividend</u>
20	IRS (general claim)	1-3	\$102,554.28	\$102,554.28
21	Performance Radiator	2	\$ 4,731.48	\$ 4,731.48
22	Larry Miller Nissan	3	\$ 20,356.83	\$ 20,356.83
23	Nextwave Enterprises, LLC ³	4	\$310,515.77	\$310,515.77
24	ADOR (general claim)	7-3	\$ 25,585.51	\$ 25,585.51
25	Enterprise Holdings, Inc.	8	\$ 41,205.58	\$ 41,205.58
26	American Express Bank	9	\$ 8,001.14	\$ 8,001.14
27	Lease Corp of America (unsecured)	11	\$ 23,945.73	\$ 23,945.73
28	LKQ Corp	12	\$ 12,947.33	\$ 12,947.33
	LKQ Corp Keystone Automotive	13	\$ 11,477.12	\$ 11,477.12

³Claim was filed as "secured" however, creditor did not properly perfect its security interest and an Objection to the Proof of Claim will be filed.

1	AFLAC	NC	\$ 3,100.02	\$ 3,100.02
2	Auto Nation	NC	\$ 30,000.00	\$ 30,000.00
	Bell Road Imports	NC	\$ 5,000.00	\$ 5,000.00
3	Chapman Chrysler Dodge Jeep VW	NC	\$ 25,000.00	\$ 25,000.00
	Chapman Honda/Chapman Imports	NC	\$ 13,000.00	\$ 13,000.00
4	Cintas	NC	\$ 7,000.00	\$ 7,000.00
	Colling Media	NC	\$ 87,000.00	\$ 87,000.00
5	Cross Check	NC	\$ 5,974.00	\$ 5,974.00
6	Eric Zard Esq. (Info only per Sch F)	NC	\$ 0.00	\$ 0.00
	First Intern'l Bank & Trust	NC	\$ 10,179.00	\$ 10,179.00
7	First Intern'l Bank & Trust	NC	\$ 2,375.00	\$ 2,375.00
	First Intern'l Bank & Trust	NC	\$ 6,268.00	\$ 6,268.00
8	Gold Star Auto Glass	NC	\$ 4,050.74	\$ 4,050.74
9	Jays Glassworks	NC	\$ 3,814.65	\$ 3,814.65
10	Jonathan Conner (insider)	NC	\$ 30,000.00	\$ 0.00
	Kirk A McCarville PC	NC	\$ 8,000.00	\$ 8,000.00
11	Leading Edge	NC	\$120,000.00	\$120,000.00
12	Mark Mitsubishi	NC	\$ 8,200.00	\$ 8,200.00
	Maverick Publishing (Info only)	NC	\$ 0.00	\$ 0.00
13	Syndimate	NC	\$ 25,000.00	\$ 25,000.00
14	United Transactions	NC	\$ 531.03	\$ 531.03
15	TOTAL		\$955,813.21*	\$925,813.21

*Includes amount owed to insider that is not provided for in the Projected Dividend column.

Unsecured Claims - Administrative Convenience Class (Class 11A)

This Class shall consist of all allowed and approved claims in Class 11 whose total claim is less than \$20,000.00 and who would be willing to accept a sum equal to 20% of the creditor's total claim in full satisfaction of that claim. All creditors in this class, may, at their option, receive 20% of their total claim within 180 days of the Effective Date in lieu of full payment over the life of the Plan. This option belongs to the creditor and would create an administrative benefit to the Estate. All claims in this Class will be not be entitled to post-petition interest or late fees. **This is a non voting class.**

1 Debtor's Interest (Class 12).

2 Debtor shall retain all of the legal and equitable interest in assets of this estate, as all
3 reconciliation issues have been met. All estate property shall vest in the Debtor at confirmation.
4

5 **This is a non voting class.**

6 **IX. DISPUTED CLAIMS**

7 The Debtor reserves the right to verify and object to any proof of claim. Payment of disputed
8 claims shall be made only after agreement has been reached between the Debtor and the Creditor or
9 upon the order of the Court. Any and all objections to proofs of claim will be filed within sixty (60)
10 days of the Effective Date of this plan or will be waived.
11

12 **X. EXECUTORY CONTRACTS**

13 An Order Authorizing Assumption of Pre-Petition Real Property Lease with **Denali National**
14 **Trust XXI, LLC** was pursuant to 11 U.S. C. §365(a) was entered on March 30, 2017 at Docket
15 Number 91.
16

17 By operation of law, the real property lease with **TJM Ventures, LLC** for the leased space
18 located at 1545 East Yucca Street, Phoenix, Arizona has been rejected.
19

20 The Debtor will assume personal property lease through **Select Leasing, Inc.** and will
21 continue to service it under the terms and conditions of the pre petition lease agreement or as
22 modified by agreement of the parties.
23

24 The Debtor hereby rejects the personal property lease through **Cimarron Financial, Inc.**
25 Lessor may file a general unsecured claim within thirty days of the entry of the Order Confirming
26 the Plan and, if so done, will be paid within Class 11.
27
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XI. MEANS OF EXECUTION/PROJECTION

This Plan will be a base Plan with payments of all approved and allowed claims to be made as set forth in the attached Disbursement Schedule. The funds necessary for the satisfaction of all approved and allowed claims will be derived from the Debtor's income from its operations.

The Debtor reserves the right to accelerate payment under the Plan from financing obtained either from third party financing or in the event that its revenues permit it to do so. Debtor believes that by virtue of the Plan that it will have the ability to pay all allowed and approved claims pursuant to the Plan of Reorganization.

XII. CHAPTER 7 LIQUIDATION ANALYSIS

Pursuant to the provisions of the Bankruptcy Code providing for Court approval of a Plan of Reorganization, the Debtor is required to pay creditors at least as much as creditors would receive in a Chapter 7 liquidation case, after costs of administration and the liquidation of the Debtor's assets. The Liquidation Analysis, stated below, represents an estimate of recovery based upon hypothetical liquidation assumptions whereby a Trustee would conduct the Chapter 7 liquidation to convert assets to cash and settle claims. The determination of the hypothetical proceeds from the liquidation of assets is an uncertain process involving the use of estimates and assumptions that, although considered reasonable, are inherently subject to business, economic and competitive contingencies beyond the control of the Debtor. The Debtor's Liquidation Analysis provides selling expenses of 10%. The selling expense of 10% is the amount that the Debtor believes that an auction house would charge to auction off the Debtor's assets.

1 LIQUIDATION ANALYSIS

2

ASSETS ⁴	VALUE	LIEN	VALUE TO ESTATE
3 Bank Account	\$9,000.00	\$9,000.00	\$-0-
4 Bank Account	\$500.00	\$500.00	\$-0-
Security Deposit	\$15,265.25	\$16,265.25	\$-0-
5 Accounts receivable	\$277,322.03	\$273,194.96	\$4,127.07
Inventory	\$8,000.00	\$-0-	\$8,000.00
6 Office furniture	\$ 16,500.00	\$-0-	\$16,500.00
Other machinery, fixtures	\$22,500.00	\$-0-	\$22,500.00
7 & equipment			
2002 Chev. Van	\$20,000.00	\$-0-	\$20,000.00
8 web site	\$unknown	\$	\$Unknown
Class Action Claim	\$unknown	\$	\$Unknown
9 1994 Peterbilt Semi	\$-0- has been surrendered to lienholder.		\$-0-
2 I4 welders, 1 MIG	\$71,000.00	\$94,945.73	\$-0-
10 Welder, 1 Hunger Alignment			
Wheel Balancer			
11 2015 Ford F250	\$60,000.00	\$38,810.08	\$21,189.92

12 CHAPTER 7 RECONCILIATION

13

Property of the Estate not otherwise encumbered	\$ 92,316.99
14 Less Chapter 7 Trustee Fees	< \$ 7,865.85 >
Less cost of sale (10% of sale price)	< \$ 9,231.70 >
15 Funds available after liquidation of all assets	\$ 0.00
Less Chapter 11 Admin. Fees owed to the attorney & accountant	< \$ 96,014.46 >
16 Less Priority Tax Claims	< \$454,141.13 >
17 TOTAL AVAILABLE TO UNSECURED CREDITORS:	\$0.00 or less

18 The Debtor believes that if it tried to sell its business as a going concern that such sale, after
 19 payment of the secured, administrative and priority creditors, would bring no funds for the benefit
 20 of the general unsecured creditors of this estate. As a result, the Debtor believes that should this case
 21 be converted to a case under Chapter 7, there would be no funds available to make a distribution to
 22 the general unsecured creditors after payment of administrative claims, secured claims, priority taxes,
 23 selling expenses and payment of the Chapter 7 Trustee's commission.
 24

25
 26
 27 ⁴The 2 Chief Fast Anchoring System Frame & Body equipment listed on Schedule B and referenced as
 28 collateral for a PMSI loan from Cimarron Financial, Inc, is, in fact leased through Cimarron and said lease is being
 rejected by the Debtor. These items are not included under this Liquidation Analysis.

1 **XIII. CRAM-DOWN**

2 If all impaired classes do not accept the Plan, the Debtor and Debtor-in-Possession may
3 attempt to use the "cram-down" provisions of the Bankruptcy Code. The Debtor and Debtor-in-
4 Possession have not yet decided whether it wishes to use cram-down, and will make such a
5 determination following the voting on confirmation of the Plan. Cram-down is a colloquial term for
6 confirmation of a Plan over a dissent of a class of holders of claims of interests. A proponent must
7 request a cram-down, as the Court cannot consider this alternative on its own motion.
8
9

10 **XIV. TAX CONSEQUENCES**

11 Debtor believes that there will be no tax consequence to either itself or to the estate. Debtor
12 is unable to state whether the creditors in this case will have tax consequences as the Debtor does
13 not have knowledge as to whether the creditors report on a cash basis, an accrual or modified accrual
14 basis. The expense to the estate for gaining such knowledge would be prohibitive. Each creditor in
15 this case, when analyzing the Plan, should consult with its own professional advisors to determine
16 whether or not acceptance of the Plan by the creditor will result in any adverse tax consequences to
17 the creditor.
18
19

20 **XV. IMPLEMENTATION AND CONSUMMATION OF PLAN**

21 The terms of the Plan subsequent to confirmation shall bind the Debtor, any entity acquiring
22 property under the Plan, and creditor or claimant, whether or not such creditor or claimant has
23 accepted the Plan. All property of the estate shall vest in the Debtor and shall be free from
24 attachment, levy, garnishment or execution by creditors bound by the Plan. It shall be the obligation
25 of each creditor participating under the Plan to keep the Debtor advised of its current mailing
26 address. In the event any payments tendered to creditors are mailed, postage prepaid, addressed (1)
27
28

1 to the address specified in the Debtor's schedules and statement, (2) to the address specified in any
2 proof of claim filed by a creditor or claimant herein or (3) to the address provided by any such
3 creditor or claimant for purposes of distribution, and if subsequently the Post Office returns such
4 distribution due to a lack or insufficiency of address or forwarding address, the Debtor shall retain
5 such distribution for a period of six months. Thereafter, the distribution shall revert to the Debtor
6 without further Order of the Court and free and clear of any claim of the named distributee. The
7 Debtor shall thereafter not be required to mail subsequent distributions to any creditor for whom a
8 distribution has been returned by the Post Office. The Debtor reserve the right to modify the Plan
9 in accordance with §1127 of the Bankruptcy Code. The Plan may be modified prior to confirmation
10 provided that the Plan still complies with §1122 and §1123 of the Bankruptcy Code. The Plan may
11 be modified subsequent to confirmation and before substantial consummation of the Plan under such
12 circumstances as may warrant such under §1123 of the Bankruptcy Code. Any holder of a claim or
13 interest that has been previously accepted or rejected a confirmed Plan, shall be deemed to have
14 accepted or rejected any subsequently modified Plan unless the holder of such claim or interest
15 changes its acceptance or rejection of the Plan within the time fixed by the Court. Confirmation of
16 the Plan discharges the debtor pursuant to 11 U.S.C. §1141.

21 **XVI. CLOSING OF CASE**

22 The Debtor may seek a final decree and an Order closing this case upon the conclusion of
23 all administrative matters and provided that the Debtor has commenced payments required to be
24 made pursuant to the Plan of Reorganization.
25

26 **ALL CREDITORS SHALL REMAIN BOUND BY TERMS AND CONDITIONS SET**
27 **FORTH IN THE DEBTOR'S PLAN OF REORGANIZATION. NO CREDITOR SHALL BE**
28

1 **ALLOWED TO TAKE ANY COLLECTION ACTION AGAINST THE DEBTOR AS LONG**
2 **AS THE DEBTOR REMAINS IN COMPLIANCE WITH ITS PLAN OF**
3 **REORGANIZATION.**
4

5 **XVII. DEFAULT**

6 The Debtors' failure to make any payment due under the Plan, except as specifically set out
7 in Class 2, 8, 9, and 10 herein, within sixty (60) days after demand for payment after its due date
8 shall constitute a default unless the Debtors and the affected creditor agree to delayed payment. Any
9 event of default occurring with respect to one (1) claim shall not be an event of default with respect
10 to any other claim. If any default is cured within the sixty (60) day cure period, then the Creditor
11 shall not be entitled to enforce any remedies which would be otherwise available on account of the
12 default.
13
14

15 The Notice of Default shall be effective when served simultaneously upon the Debtor and
16 Debtor's counsel. Any Notice of Default must be sent in writing to both the Debtor and the Debtor's
17 counsel at the addresses listed below:
18

19 Legends Collision, LLC.
20 7015 South Harl Avenue
21 Tempe, AZ 85283

22 Allan D. NewDelman
23 Allan D. NewDelman, P.C.
24 80 East Columbus Avenue
25 Phoenix, AZ 85012

26 If the default is not timely cured, creditor(s) may pursue any remedy provided by the state
27 or federal law, including foreclosing any security interest, suing on any promissory note issued or
28 continued in effect under the Plan.

1 Should any creditor, under the terms of the Plan of Reorganization and the Confirmation
2 Order provide, written Notice of Default as provided herein and the Debtor objects to said Notice
3 of Default within the time frame provided under the Default Notice, no action may be taken by the
4 creditor if the Debtor timely files an Objection to the Notice of Default and requests an Emergency
5 Hearing to resolve the stated dispute. The Creditor may only proceed with its default remedies
6 hereunder should the Court overrule Debtor's Objection or as may otherwise be directed by the
7 Court.
8
9

10 **XVIII. QUARTERLY FEES AND REPORTS**

11 Debtor shall continue to pay quarterly fees to the U.S. Trustee System until such time as a
12 Final Decree has been entered in this matter by the Court, closing this Chapter 11 proceeding.
13 Debtor shall continue to file monthly operating reports until such time as the Court enters an Order
14 confirming this Chapter 11 Plan of Reorganization. At such time, Debtor shall cease filing monthly
15 operating reports and shall begin filing 90 day reports. These 90 day reports shall be filed until such
16 time as a Final Decree has been entered in this matter by the Court, closing this Chapter 11
17 proceeding.
18
19

20 **XIX. RETENTION OF JURISDICTION**

21 The Bankruptcy Court will retain jurisdiction over this case for purposes of determining the
22 allowance of claims or objections to claims. The Court will also retain jurisdiction for purposes of
23 fixing allowances for compensation and/or for purposes of determining the allowability of any other
24 claimed administrative expenses. The Court will also retain jurisdiction for the purpose of
25 establishing bar dates and making a determination with respect to all disputed claims. Finally, the
26 Court shall retain jurisdiction for purposes of determining any dispute arising from the interpretation,
27
28

1 implementation or consummation of the Plan and to implement and enforce the provisions of the
2 Plan, including but not limited to the objection by the Debtor to any Notice of Default pursuant to
3 Article XI of the Plan (referenced above in Article XVII) or the Order Confirming. Notwithstanding
4 anything to the contrary contained herein, the Debtor shall not be bound by estoppel, the principles
5 of res judicata or collateral estoppel with respect to any term or provision contained herein in the
6 event the Plan is not confirmed.
7

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9 **XX. REPRESENTATION**

10 No representations concerning the Debtor are authorized by the Debtor other than as set forth
11 in this statement. Any representation or inducement made to secure your acceptance which is other
12 than as contained in this statement should not be relied upon by you in arriving at your decision, and
13 such additional representations and inducements should be reported to counsel for the Debtor, who,
14 in turn, shall deliver such information to the Bankruptcy Court for such action as may be deemed
15 appropriate.
16

17
18 **XXI. CONCLUSION**

19 It is respectfully submitted that Debtor has given every thought to the complex problems
20 confronting it, and, with the assistance of counsel, has devised and formulated this Plan with the
21 hope that the equitableness of the Plan will be considered by the creditors. It is sincerely hoped that
22 all creditors will join in and consent to the Plan so that they, as well as the Debtor, will receive the
23 maximum results.
24

25 DATED this 16 day of June, 2017.


26 
ALLAN D. NEWDELMAN, P.C.

27 /s/ ADN 004066

28 Allan D. NewDelman, Esq.
Attorney for Debtor

1 Disclosure Statement above, consisting
2 of 38 pages plus exhibits is approved as to
3 form and content:

4 Legends Collision, LLC

5 By 
6 ~~MAR Group, LLC, Member~~
7 by Ryan Atwood
8 Debtor

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