

1 Eric Slocum Sparks  
Arizona State Bar No. 11726  
2 LAW OFFICES OF ERIC SLOCUM SPARKS, P.C.  
3505 North Campbell Avenue #501  
3 Tucson, Arizona 85719  
Telephone (520) 623-8330  
4 Facsimile (520) 623-9157  
eric@ericslocumsparkspc.com  
5 Attorney for Debtor

6  
7 IN THE UNITED STATES BANKRUPTCY COURT  
8 FOR THE DISTRICT OF ARIZONA

9 In re: )  
10 OSSO, LLC, ) No. 4:17-bk-06737-BMW  
11 Debtor. ) (Chapter 11)  
12 ) NOTICE OF SUBMISSION OF  
13 ) DEBTOR'S FIRST AMENDED  
14 ) DISCLOSURE STATEMENT  
FOR ITS PLAN OF REORGANIZATION  
DATED November 13, 2017

15 Osso, LLC, (hereinafter "the Debtor"), by and through its counsel undersigned, submits this  
16 proposed First Amended Disclosure Statement attached hereto and by reference incorporated herein  
17 (hereinafter "the Disclosure Statement") in connection with the "Debtor's Plan of Reorganization"  
18 attached as Exhibit "A" hereto November 13, 2017 (hereinafter "the Plan"). The Disclosure Statement  
19 is submitted in compliance with 11 U.S.C. Section 1125 and Bankruptcy Rule 3017. It has not been  
20 approved by the Bankruptcy Court and is filed solely to enable the Court and parties in interest to  
21 evaluate the adequacy of the information contained herein as required of the Bankruptcy Code.  
22 Moreover, the Disclosure Statement refers to information contained herein as required by the Bankruptcy  
23 Code. The Disclosure Statement refers to information and facts that the Debtor anticipates will be  
24 accurate or will occur on or prior to the date of the hearing to consider the Disclosure Statement.  
25 Therefore, certain information and facts contained in the Disclosure Statement may not be completely  
26 accurate as of the date hereof.

27 The Debtor believes that this form of Disclosure Statement is substantially the form which  
28

1 contains information of a kind, and in sufficient detail, as far as is reasonably practical in light of the  
2 nature and history of the Debtor, that would enable a reasonable investor, typical of the holders of claims  
3 and interests in each class of claims and interest in the Plan, to make an informed judgment about this  
4 Plan. Nevertheless, all readers are cautioned that the Debtor may file further modifications of the Plan  
5 and of the Disclosure Statement prior to the hearing to consider the Disclosure Statement.

6  
7 *THE FILING AND ANY DISSEMINATION OF THE DISCLOSURE STATEMENT*  
8 *IS NOT A SOLICITATION OF VOTES ACCEPTING OR REJECTING*  
9 *THE PLAN DESCRIBED THEREIN.*

10 DATED: November 17, 2017

11 LAW OFFICES OF  
12 *ERIC SLOCUM SPARKS, P.C.*

13 /s/ Sparks #11726  
14 Eric Slocum Sparks  
15 Attorney for Debtor

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## TABLE OF CONTENTS

FOR  
FIRST AMENDED DISCLOSURE STATEMENT DATED  
November 17, 2017

SECTION I	INTRODUCTION	1
1.1	Purpose of This Disclosure Statement	1
1.2	Debtor's Exclusive Period to Propose its Plan of Reorganization	3
1.3	Confirmation Hearing and Voting Instructions	3
1.4	Voting and Confirmation Process	4
	Votes are Important	5
	Value of Assets and Accounting	7
SECTION II	HISTORY OF DEBTOR AND FACTORS LEADING TO THE FILING OF THE CHAPTER 11	9
2.1	Circumstances that Gave Rise to the Filing of the Bankruptcy Petition	9
2.2	Current Management	11
2.3	Location of Debtor's Major Assets	11
2.4	Real Properties of the Debtor/Assets of the Estate	11
2.5	Valuation Hearings	11
2.6	Significant Event Prior to the Commencement of the Debtor's Reorganization	11
2.7	The Accounting and Valuation Methods Used to Produce the Financial Information in the Disclosure Statement	11
2.8	Causes of Action	11
2.9	Plan of Reorganization	11
2.10	Obligations as of Date of Filing	11
2.11	The Condition and Performance of the Debtor while in Chapter 11	12
2.12	Adequate Protection Payments	12
2.13	The Existence, Likelihood and Possible Success of Non-bankruptcy Litigation	12
SECTION III	INCOME PROJECTIONS OF THE PROPERTY	12
SECTION IV	SUMMARY OF PLAN OF REORGANIZATION	12
4.1	Plan	13

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

4.2	Segregation of Classes	13
4.3	Value of Secured Claims	13
4.4	Cash Collateral Litigation	14
4.5	Description of Assets - Values	14
4.6	Anticipated Future of Debtor	14
4.7	Source of Information	14
4.8	Condition and Performance of Debtor in Chapter 11	14
4.9	Information Regarding Claims Against Estate	14
4.10	Liquidation Analysis	14
4.11	Future Management of Debtor	14
4.12	Non-Bankruptcy Litigation	14
4.13	Avoidable Transfers	14
4.14	Accounts Receivable	14
4.15	Presence of Affiliates	14
4.16	New Capital Contribution	14
SECTION V	CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS	15
5.1	Class 1 - Administrative Claims	15
5.2	Class 2 - Claims of Governmental Units	16
5.3	Class 3 - Secured Tax Claims of Internal Revenue Service	16
5.4	Class 4 - Secured Claim of Nissan Motor Acceptance Corporation	17
5.5	Class 5 - Unsecured Claims of Nellis Land, LLC and Faznell Properties, LC	17
5.6	Class 6 - Unsecured Deficiency Claims and Unsecured Claims	17
5.7	Class 7 - Contingent, Unliquidated and Disputed Claims	18
5.8	Class 8 - Claims of Participating Investors	18
5.9	Class 9 - Interest of Equity Holders	18
SECTION VI	POST-CONFIRMATION MANAGEMENT	18
SECTION VII	INCOME TAX CONSEQUENCES OF REORGANIZATION	19
7.1	Disclaimer	19
7.2	Consummation	19
SECTION VIII	FEASIBILITY	19
SECTION IX	LIQUIDATION ANALYSIS	20

1	SECTION X	ACCEPTANCE AND CONFIRMATION	21
2	10.1	What is Necessary for Court Approval of a Plan	21
3	10.2	Alternatives to the Plan	22
4	10.3	Specific Consideration in Voting	23
5	10.4	Risk Factors	23
6	10.5	Disclosure Required by the Code	23
7	SECTION XI	OTHER PROVISIONS OF THE PLAN	24
8	11.1	Retention of Jurisdiction	24
9	11.2	Retention of Causes of Action	24
10	11.3	Retention or Rejection of Executory Contracts and Leases	24
11	11.4	Amendments to Plan	25
12	11.5	Offer, Issuance and Resale of Plan Securities	25
13	11.6	Provisions for Filing Reports and Payments of Fees to US Trustee	26
14	SECTION XII	RECOMMENDATION OF THE DEBTOR	26
15	SECTION XIII	CONCLUSION	26

16

17

18

LIST OF EXHIBITS

19	EXHIBIT A	Plan of Reorganization Dated November 13, 2017 and filed as a separate document
20	EXHIBIT B	Ballot
21	EXHIBIT C	Liquidation Analysis
22	EXHIBIT D	Anticipated Income and Expense/Sources and Uses of Cash

1 Eric Slocum Sparks  
Arizona State Bar No. 11726  
2 LAW OFFICES OF ERIC SLOCUM SPARKS, P.C.  
3505 North Campbell Avenue #501  
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12 ) DISCLOSURE STATEMENT  
13 ) DATED November 17, 2017  
FOR ITS PLAN OF REORGANIZATION  
DATED November 13, 2017

14 Osso, LLC, (hereinafter "the Debtor"), through its undersigned attorney, hereby submits its First  
15 Amended Disclosure Statement dated November 17, 2017 for its Plan of Reorganization dated  
16 November 13, 2017.

17 ***SECTION I***

18 *Introduction*

19 1.1. Purpose of this Disclosure Statement: the Debtor commenced reorganization proceedings  
20 with the filing of a Voluntary Petition on June 14, 2017 under Chapter 11 of the United States  
21 Bankruptcy Code, as amended (the "Bankruptcy Code").

22 A DISCLOSURE STATEMENT FOR THE PLAN OF REORGANIZATION FOR THE  
23 DEBTOR WAS FILED BY THE DEBTOR, WHICH DESCRIBES THE TERMS AND PROVISIONS  
24 OF THE PLAN OF REORGANIZATION OF THE DEBTOR DATED November 13, 2017.

25 [After notice and hearing, the Disclosure Statement was approved by the Bankruptcy Court as  
26 containing adequate information and sufficient detail to enable the holders of claims against or interest  
27 in the debtor to make an informed judgment about the merits of approving the Plan.]

28 The purpose of this Disclosure Statement is to provide holders of claims against or interest in

1 the Debtor with sufficient information about the Debtor and the Plan to enable holders of claims against  
2 or interest in the Debtor to make an informed judgment on the merits of the Plan and a decision whether  
3 to approve or reject the Plan.

4 Certain materials contained in this Disclosure Statement are taken directly from other readily  
5 accessible instruments or are digests of other instruments. While the Debtor has made every effort to  
6 retain the meaning of such other instruments or the portions transposed, you are urged that any reliance  
7 on the contents of such other instruments should be predicated on a thorough review of the instruments  
8 themselves.

9 THE PLAN ACCOMPANIES THIS DISCLOSURE STATEMENT AS “*EXHIBIT A*”. THE  
10 DEFINITIONS CONTAINED IN THE PLAN APPLY TO THIS DISCLOSURE STATEMENT AND  
11 EACH RECIPIENT THEREOF IS URGED TO REVIEW THE PROVISIONS OF THE PLAN FULLY  
12 PRIOR TO REVIEWING THIS STATEMENT.

13 The Debtor believes the contents of this Disclosure Statement satisfies the requirements adopted  
14 by this Court *In re A.C. Williams Co.*, 25 B.R. 173 (Bankr N.D. Ohio, 1982), *In re Cardinal Congregate*  
15 *I*, 121 B.R. 760 (Bankr S.D. Ohio, 1982). Those elements are as follows:

- 16 1. The circumstances that gave rise to the filing of the bankruptcy petition;
- 17 2. A complete description of the available assets and their value;
- 18 3. The anticipated future of the Debtor;
- 19 4. The source of the information provided in the Disclosure Statement;
- 20 5. A disclaimer, which typically indicates that no statements or information concerning the  
21 debtor or its assets or securities are authorized, other than those set for the in the disclosure statement;
- 22 6. The condition and performance of the debtor while in Chapter 11;
- 23 7. Information regarding claims against the estate;
- 24 8. A liquidation analysis setting forth the estimated return that creditors would receive under  
25 Chapter 7;
- 26 9. The accounting and valuation methods used to produce the financial information in the  
27 disclosure statement;
- 28

- 1 10. Information regarding the future management of the debtor, including the amount of  
2 compensation to be paid to any insiders, directors, and/or officers of the debtor;
- 3 11. A summary of the plan of reorganization;
- 4 12. An estimate of all administrative expenses, including attorneys fees and accountant's fees;
- 5 13. The collectibility of any accounts receivable;
- 6 14. Any financial information, valuations or pro forma projections that would be relevant to  
7 creditors' determinations of whether to accept or reject the plan;
- 8 15. Information relevant to the risks being taken by the creditors and interest holders;
- 9 16. The actual or projected value that can be obtained from avoidable transfers;
- 10 17. The existence, likelihood and possible success of non-bankruptcy litigation;
- 11 18. The tax consequences of the plan; and
- 12 19. The relationship of the debtor with affiliates.

13  
14 1.2 Debtor's Exclusive Period to Propose its Plan of Reorganization: DEBTOR, AS A  
15 GENERAL RULE, HAS 120 DAYS AFTER THE DATE OF THE ORDER FOR RELIEF (FILING  
16 DATE) WITHIN WHICH TO PROPOSE ITS PLAN OF REORGANIZATION, KNOWN AS THE  
17 EXCLUSIVE PERIOD. THE EXCLUSIVE PERIOD, UNLESS SHORTENED OR CHANGED BY  
18 ORDER OF THE COURT, ALLOWS ONLY THE DEBTOR TO PROPOSE ITS PLAN OF  
19 REORGANIZATION WITHIN THE EXCLUSIVE PERIOD.

20 1.3 Confirmation Hearing and Voting Instructions: The Bankruptcy Court will set/has set  
21 \_\_\_\_\_ for a hearing on the confirmation of the Plan. Claimants and interest holders may  
22 vote on the Plan by filling out and mailing the accompanying Ballot for Accepting or Rejecting the Plan  
23 to:

24 Clerk of the United States Bankruptcy Court  
25 38 S. Scott Avenue  
26 Tucson, Arizona 85701

27  
28 with a copy to:



1 Eric Slocum Sparks, Esq.  
2 ERIC SLOCUM SPARKS, P.C.  
3 3505 North Campbell Avenue, #501  
4 Tucson, Arizona 85719  
5

6 The Bankruptcy Court may confirm only one plan in this case. The plan confirmed in the  
7 Bankruptcy Court must meet the requirements contained in the Bankruptcy Code.

8 Unless authorized by the Court, only the Debtor or the Debtor's representatives may solicit your  
9 vote. The cost of any solicitation by the Debtor will be borne by the Debtor. No other additional  
10 compensation shall be received by any party for any solicitation other than as disclosed to the  
11 Bankruptcy Court. CREDITORS ARE URGED TO CAST A BALLOT FOR OR AGAINST  
12 DEBTOR'S PLAN OF REORGANIZATION.

13 1.4 Voting and Confirmation Process. If you are in one of the classes of creditors or investors  
14 whose interests are affected by the Plan (see "Summary of the Plan" below), it is important that you vote.  
15 If you fail to do so, your rights may be jeopardized.

16 To vote to accept or reject the Plan, creditors and investors of the Reorganized Debtor in any of  
17 the impaired classes (see the "Summary of the Plan" contained herein and the copy of the Plan attached  
18 hereto) should indicate their acceptance or rejection on the appropriate Ballot. A sample ballot is  
19 attached as **Exhibit B**. Any creditors or investors holding claims in more than one impaired class must  
20 file one Ballot for each such class. Additional Ballots may be obtained by proper written request to:

21 Eric Slocum Sparks, Esq.  
22 ERIC SLOCUM SPARKS, P.C.  
23 3505 N. Campbell Ave, #501  
24 Tucson, Arizona 85719  
25 (520) 623-8330  
26 Fax: (520) 623-9157  
27 email: [eric@ericlocumsparkspc.com](mailto:eric@ericlocumsparkspc.com)  
28

1 attorney for the Debtor.

2  
3 You are, therefore, urged to fill in, date, sign and promptly mail the enclosed Ballot furnished  
4 to you. PLEASE BE SURE TO PROPERLY COMPLETE THE FORM AND LEGIBLY IDENTIFY  
5 THE NAME OF THE CLAIMANT OR INTEREST HOLDER.

6 EXECUTED BALLOTS MUST BE RECEIVED ON OR BEFORE THE RETURN DATE SET  
7 FORTH IN THE BALLOT.

8 SINCE MAIL DELAYS MAY OCCUR, IT IS IMPORTANT THAT THE BALLOT OR  
9 BALLOTS BE MAILED OR DELIVERED WELL IN ADVANCE OF THE DATE SPECIFIED. ANY  
10 BALLOTS RECEIVED AFTER THAT DATE MAY NOT BE INCLUDED IN ANY CALCULATION  
11 TO DETERMINE WHETHER THE CREDITORS AND INTEREST HOLDERS HAVE VOTED TO  
12 ACCEPT OR REJECT THE PLAN.

13 THIS IS A SOLICITATION BY THE DEBTOR ONLY AND IS NOT A SOLICITATION BY  
14 THE ATTORNEYS OR ACCOUNTANTS FOR THE DEBTOR, AND THE REPRESENTATIONS  
15 MADE HEREIN ARE THOSE OF THE DEBTOR AND NOT OF SUCH ATTORNEYS OR  
16 ACCOUNTANTS, EXCEPT AS MAY BE OTHERWISE INDICATED.

17 VOTES ARE IMPORTANT

18 As a claimant or interest holder, your vote is important. The Bankruptcy Court cannot consider  
19 Confirmation of the Plan until acceptance thereof has been obtained pursuant to the affirmative vote if  
20 impaired claimants by classes who hold at least two-thirds (2/3) in dollar amount and more than one-half  
21 (1/2) in number of the allowed claims by class voting on the Plan. If an impaired claimant or interest  
22 holder who is entitled to vote does not, such failure to vote will bear upon the outcome.

23 Whether a creditor or interest holder votes on the Plan or not, or whether the creditor or interest  
24 holder votes at all, such party will be bound by the terms and treatment set forth in the Plan if the Plan  
25 is accepted by the requisite majorities of creditors and interest holders and is confirmed by the  
26 Bankruptcy Court. Allowance of a claim or interest for voting purposes does not necessarily mean that  
27 all or a portion of the claim or interest will be allowed or disallowed for distribution purposes.

28 The Debtor may, in some circumstances, separately classify the deficiency claims of some

1 secured creditors from the unsecured trade creditors and other creditors, and treats such claims in a  
2 different manner. Debtor is of the opinion that case and current bankruptcy law allows, in some cases,  
3 such separate classification and different treatment of these and other claims. Debtor believes that such  
4 separate classification and different treatment of such claims is proper. See In re Mason Dixon Lines,  
5 Inc., 63 B.R. 176 (Bankr. M.D.N.C. 1986); In re Ag Consultant Grant Division, Inc., 77 B.R. 665 (1987);  
6 In re ZRM-Oklahoma Partnership, 156 B.R. 67 (Bankr W.D. Okla. 1993); In re Wolff, 22 B.R. 510 (9<sup>th</sup>  
7 Cir. BAP, 1982); In re Johnston, 140 B.R. 526 (9<sup>th</sup> Cir. BAP. 1992). Current decision make the  
8 inclusion of such deficiency claims with other unsecured creditors impermissible. In re D & W Realty  
9 Corporation, 156 B.R. 140 (Bankr. S.D. Fla.) Debtor contents that the different treatment is justified  
10 due to a number of factors. In some cases, unsecured claims and deficiency claims are not placed in the  
11 same class and the Bankruptcy Code may not require equal treatment of different classes. In re Red  
12 Machine Company, Lexis, 1304, \*48 (Bankr. 2011) Some of these considerations are listed below.

- 13 (1) The obligation may be non-recourse obligation and is treated as recourse only as a result  
14 of the Bankruptcy Code and has the opportunity to make an election under Section  
15 1111(b) while unsecured creditors do not;
- 16 (2) Secured creditors may have contracted for a long term obligation as opposed to the  
17 obligation contracted for by unsecured trade creditors which is usually of a shorter  
18 duration;
- 19 (3) Debtor believes that a treatment different than that proposed under the plan would result  
20 in higher operating costs for the Debtor by not continuing the use of existing vendors  
21 which may affect the debtor's ability to reorganize; and
- 22 (4) Because the nature of the secured claim, secured creditors may have a conflict of interest  
23 with the remaining unsecured creditors. See In re James E. Johnson, 140 B.R. 526 (9<sup>th</sup>  
24 Cir. BAP); In re Triple R. Holdings, L.P., 134 B.R. 382 (Bankr. N.D. Cal 1991); In re  
25 Bjolmes Realty Trust, 134 B.R. 1000 (Bankr. D.Mass 1991); In re Creekside Landing,  
26 Ltd., 140 B.R. 713 (Bankr. M.D. Tenn. 1992); In re U.S. Truck Co., Inc., 800 F.2d 581  
27 (6<sup>th</sup> Cir. 1986); In the Matter of Jersey City Medical Center, 817 F.2d 1055 (3<sup>rd</sup> Cir.  
28 1987); Toibb v. Radloff, \_\_\_ U.S. \_\_\_, 111 S. Ct. 2197, \_\_\_ L.Ed.2d. \_\_\_ (1991);

1                    Hanson v. First Bank of South Dakota, 828 F.2d 1310 (1987). See In re Thirtieth Place,  
2                    Inc., 30, B.R. 503 (Bankr. App. 1983; In re Victory Construction Co., Inc., 37 B.R. 222,  
3                    228 (9<sup>th</sup> Cir. B.A.P. 1984); In re Arnold, 806 F.2d 937 (9<sup>th</sup> Cir. 1986); In the Matter of  
4                    Jersey City Medical Center, 817 F.2d 1055 (3<sup>rd</sup> Cir 1987); In re Foundary of Barrington  
5                    Partnership, 129 B.R. 550 (1991); In Re Fowler, 903 F.2d 694 (9<sup>th</sup> Cir. 1990); In Re Oaks  
6                    Partners Ltd., 135 B.R. 440 (Bankr. N.D. Ga. 1991); and In Re Victory Const. Co., Inc.,  
7                    42 B.R. 145 (Bankr. 1984).

8                    5.        Secured creditor may have a personal guarantee from a non-debtor entity and/or  
9                    principals of debtors and some payments would be made to deficiency creditors.

10                    Following acceptance, the Bankruptcy Court will hold a hearing on the confirmation of the Plan  
11                    and will enter an Order of Confirmation with respect to the Plan if it finds that, among other things, all  
12                    payments to be made by the Debtor in connection with the case or Plan have been disclosed to the  
13                    Bankruptcy Court, the identity and affiliation of post-confirmation management of the Reorganized  
14                    Debtor has been fully disclosed, each class of claimants and interest holders has accepted the Plan or is  
15                    not impaired by the provisions thereof, and that confirmation is not likely to be followed by the  
16                    liquidation or need for further financial reorganization of the Reorganized Debtor.

17                    In the event that the requisite acceptance of impaired classes of claims and interests are not  
18                    obtained, pursuant to Section 1129 (b)(1) of the Bankruptcy Code, the Bankruptcy Court may  
19                    nevertheless confirm the Plan upon the request of the proponent of the Plan if the Bankruptcy Court  
20                    finds that the Plan does not discriminate unfairly and accords fair and equitable treatment to the class  
21                    rejecting it.

22                    At the hearing on confirmation of the Plan, the Bankruptcy Court will hear any timely filed  
23                    objections from a claimant or interest holder to confirmation of the Plan.

#### 24                    VALUE OF ASSETS AND ACCOUNTING

25                    THE ONLY REPRESENTATIONS THAT ARE AUTHORIZED OR WHICH MAY BE MADE  
26                    CONCERNING THE DEBTOR, THE VALUE OF ITS ASSETS, OR THE REORGANIZED DEBTOR  
27                    ARE THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT. EXCEPT  
28

1 AS NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE  
2 STATEMENT HAS NOT BEEN SUBJECTED TO AN AUDIT BY AN INDEPENDENT CERTIFIED  
3 PUBLIC ACCOUNTANT. ALL FINANCIAL RECORDS OF THE DEBTOR ARE MAINTAINED ON  
4 AN ACCRUAL BASIS. ALL EXPENSES AND INCOME ARE ON A ACCRUAL BASIS. SOME OF  
5 THE ACCOUNTING/FINANCIAL WORK FOR THE DEBTOR IS PERFORMED BY AN OUTSIDE  
6 ACCOUNTANT RETAINED BY THE DEBTOR. FOR THAT REASON, THE DEBTOR IS NOT  
7 ABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS  
8 DISCLOSURE STATEMENT IS WITHOUT INACCURACY. HOWEVER, GREAT EFFORT HAS  
9 BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED. NO  
10 REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTOR (INCLUDING, WITHOUT  
11 LIMITATION, ITS FUTURE BUSINESS OPERATIONS) OR THE PLAN ARE AUTHORIZED BY  
12 THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY  
13 REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE  
14 WHICH ARE OTHER THAN HEREIN CONTAINED SHOULD NOT BE RELIED UPON BY YOU  
15 IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS OR  
16 INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO, IN TURN,  
17 SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION  
18 AS MAY BE DEEMED APPROPRIATE.

19 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS  
20 OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED HEREIN. NEITHER  
21 DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE  
22 IN CONNECTION WITH THIS DISCLOSURE STATEMENT SHALL, UNDER ANY  
23 CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN  
24 THE FACTS SET FORTH HEREIN SINCE THE DATE THIS DISCLOSURE STATEMENT AND  
25 THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT  
26 WERE COMPILED. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY  
27 PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING  
28 CONTAINED IN IT SHALL CONSTITUTE, OR BE DEEMED CONCLUSIVE ADVICE ON, THE

1 TAX OR OTHER LEGAL EFFECTS OF ANY REORGANIZATION ON HOLDERS OF CLAIMS OR  
2 INTERESTS IN CONNECTION WITH SUCH REORGANIZATION.

3 THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY ORDER OF THE  
4 BANKRUPTCY COURT, DATED \_\_\_\_\_ AS CONTAINING INFORMATION OF A KIND AND  
5 IN SUFFICIENT DETAIL TO ENABLE A REASONABLE, HYPOTHETICAL INVESTOR TO  
6 MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN. THE BANKRUPTCY COURT'S  
7 APPROVAL OF THIS DISCLOSURE STATEMENT, HOWEVER, DOES NOT CONSTITUTE A  
8 RECOMMENDATION BY THE BANKRUPTCY COURT EITHER FOR OR AGAINST THE PLAN.

9 IN ORDER TO BE CONSIDERED FOR PURPOSES OF SATISFYING THE BANKRUPTCY  
10 CODE REQUIREMENTS, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS INDICATED  
11 ON THE BALLOT NO LATER THAN 5:00 P.M. ON THE \_\_\_\_\_ OR WITHIN 5 DAYS OF  
12 ANY CONTINUED HEARING ON CONFIRMATION OF THE PLAN.

13 A BALLOT ACCOMPANIES THIS DISCLOSURE STATEMENT FOR USE IN VOTING OF  
14 THE PLAN.

## 15 ***SECTION II***

### 16 *History of Debtor and Factors Leading* 17 *to the Filing of the Chapter 11*

18 2.1 Circumstances that Gave Rise to the Filing of the Bankruptcy Petition: Sonia Rembao  
19 and her then husband, Oscar Rembao started two restaurants known as Pollo Feliz in Nogales Mexico  
20 in 1999. In 2001, they sold the restaurants and opened their first restaurant at 4820 S. 6<sup>th</sup> Ave. in Tucson.  
21 The sales at the restaurant excelled and they opened two more restaurant locations at 2570 E. Valencia  
22 Rd. and 670 W. Valencia Rd. Sales continued to increase and they opened another restaurant location  
23 at 1491 W. St. Mary's Rd.

24 In about 2008 the housing recession hit Tucson. The construction industry slowed and the sales  
25 of the restaurant declined despite the decline the restaurants managed to remain profitable.

### 26 PHOENIX EXPANSION

27 In 2010, Oscar Rembao, entered into a partnership agreement with his cousin without the  
28 knowledge of Sonia. Oscar and his cousin signed 3 leases for restaurants in the Phoenix area with Nellis

1 Land Corporation. Oscar's cousin was to manage the 3 locations in the Phoenix area. After 4 months,  
2 Oscar's cousin left for California without notice and took all the cash proceeds from the restaurants in  
3 the Phoenix area. As a result of these actions Oscar and Sonia owed over \$100,000.00 to the I.R.S., and  
4 about \$85,000.00 to the A.D.O.R. and \$130,000.00 to its food supplier Merit Foods. Sonia was forced  
5 to close the 3 restaurant locations in Phoenix in order to continue to manage the remaining locations.

6 For five years the debtor had a restaurant at Ina Rd and I-10 in Marana. This was the debtors first  
7 location on the Northwest side of Tucson and it was doing well financially. In February of 2017, Ina  
8 Road was closed in order to build an overpass over the railroad. The business at this location dropped  
9 40% immediately.

#### 10 TUCSON PREMIUM OUTLETS

11 In 2015, the debtor was contacted by Juan Teran ("Teran"), a local realtor, who represented  
12 Simon in securing a local Mexican restaurant of the new outlet mall. The Debtor met with Teran and  
13 a representative of Simon Property Group ("Simon") at the new outlet mall location in Marana, AZ. The  
14 debtor's representative was give a tour of the mall, which was still under construction at the time. The  
15 debtor was shown the sites in the food court where 5 restaurants were to be located. Teran and a Simon  
16 representative claimed that 4 spots were already rented and one was left which they wanted a local  
17 company. The other 4 spots were all chain companies, Sbarro Pizza, Charleys Philly Steaks, Johnny  
18 Rockets and an oriental restaurant.

19 Teran and the Simon representative told debtor's representative told us all the plan in place  
20 outside the mall would attract visitors, such as an auto mall to be built, a movie theater along with a  
21 hotel. They were also told that a hotel would be either a Marriot or Holiday Inn as they were in  
22 negotiations with both and would be constructed by the 4<sup>th</sup> quarter of 2016. None of the plans  
23 represented to debtor's representative were completed the mall sits alone off of I-10 and Twin Peaks Rd.  
24 in Marana. Despite representations, visitor traffic was extremely slow at the outlet mall and a small  
25 number of customers were coming into the Food court which was shared with the other restaurants.  
26 None of the restaurants could show a profit and each complained of financial losses. The mall still has  
27 vacant spaces and has had several stores close since the opening of the mall. In 2016, the debtor lost  
28 \$56,000.00 and in January of 2017, it lost \$15,000.00 at this location. It was impossible for the debtor

1 to sustain these losses. The debtor contacted the management company at Simon explaining its losses  
2 and that relief was needed from its obligations or they would have to close. Simon did not offer any  
3 alternatives or relief. The debtor had no chose but to close the location.

#### 4 INA ROAD CLOSURE

5 It would be impossible for debtor to sustain the losses from the closing of the Ina Road at I-10  
6 location and losses at the Outlet Mall location. For these reasons, the Debtor filed a Chapter 11  
7 bankruptcy to reorganize.

8 2.2 Current Management: The Debtor is currently managed by Sonia Rembao.

9 2.3 Location of Debtor's Major Assets: The debtor's major assets is restaurant equipment  
10 located at 6 different restaurant locations in Tucson ; 2570 S. 6<sup>th</sup> Ave, 1491 W. St. Mary's Rd, 670 W.  
11 Valencia Rd., 2570 E. Valencia Rd., 4299 W. Ina Rd., and 3102 E. Grant Rd. No further assets of the  
12 estate exist.

13 2.4 Real Properties of the Debtor/Assets of the Estate: None.

14 2.5 Valuation Hearings: A valuation hearing is not necessary in this matter.

15 2.6 Significant Events Prior to the Commencement of the Debtor's Reorganization: The  
16 losses from the previous Ina Road location and the Outlet Mall location, as well as the  
17 misrepresentations from Simon Property Group are the significant events that caused the Debtor to file  
18 a Chapter 11 bankruptcy to reorganize its debts.

19 2.7 The Accounting and Valuation Methods Used to Produce the Financial Information in  
20 the Disclosure Statement: The accounting process is conducted using generally accepted accounting  
21 principles. Accounting information is furnished by Sonia Rembao managing member of the debtor and  
22 is presented on a cash basis.

23 2.8 Causes of Action: The Debtor currently has a cause of action against Simon Property  
24 Group.

25 2.9 Plan of Reorganization: The Debtor has filed a Plan which will allow it to retain its  
26 business and pay creditors more money than creditors would receive from a liquidation of the business.  
27 See liquidation analysis attached hereto as **Exhibit "C"**.

28 2.10 Obligations as of Date of Filing: The following is an estimate by the Debtor of the



1 outstanding secured obligations owed by the Debtor as of the date of the Petition.

2 <b>Secured Creditors</b>	3 <b>Type of Encumbrance</b>	4 <b>Amount Due at Filing</b>	5 <b>Property</b>
6 IRS	7 taxes	8 \$77,489.06	9 All restaurant equipment
10 Nissan Motor Acceptance Corporation	11 Security Agreement	12 \$14,313.13	13 2015 Nissan NV200

14 2.11 The Condition and Performance of the Debtor While in Chapter 11: Osso, LLC is  
15 currently producing income from its operations of the business.

16 2.12 Adequate Protection Payments: The debtor is currently not making adequate protection  
17 payments.

18 2.13 The Existence, Likelihood and Possible Success of Non-bankruptcy Litigation: Debtor  
19 does not anticipate any non-bankruptcy litigation.

### 20 ***SECTION III***

#### 21 *Income Projections of the Property*

22 A proforma statement of the **Anticipated Income and Expenses and Schedule of Sources and  
23 Uses of Cash** relating to payments to creditors under the plan are attached hereto, as **Exhibit "D"** which  
24 does not include potential sales of remaining lots.

25 The Debtor has derived this information from the principal of the debtor, Sonia Rembao.

### 26 ***SECTION IV***

#### 27 *Summary of Plan of Reorganization*

28 THE FOLLOWING IS A BRIEF SUMMARY OF CERTAIN PROVISIONS OF THE PLAN  
AND SHOULD NOT BE RELIED ON FOR VOTING PURPOSES. THE SUMMARY DOES NOT

1 PURPORT TO BE COMPLETE. CREDITORS AND INTEREST HOLDERS ARE URGED TO  
2 READ THE PLAN ATTACHED HERETO AS EXHIBIT "A". CREDITORS AND INTEREST  
3 HOLDERS ARE FURTHER URGED TO CONSULT WITH COUNSEL, OR WITH EACH OTHER,  
4 IN ORDER TO UNDERSTAND THE PLAN MORE FULLY.

5 4.1 Summary of Plan: The Plan contemplates that secured creditors will be paid the full  
6 amount of their allowed claims.

7 POTENTIAL INVESTORS MAY BE ALLOWED TO ACQUIRE A PERCENTAGE OF  
8 INTEREST OR A PERCENTAGE THEREOF, IN THE REORGANIZED DEBTOR.

9 These proceeds, in conjunction with the Property's revenues and inherent future appreciation,  
10 will provide the necessary funds to Debtor to pay creditors under the Plan.

11 4.2 Segregation of Classes: The Plan further proposes to segregate the creditors and interest  
12 holders of the Debtor into separate classes. Of these classes, allowed administrative and priority  
13 claimants including priority tax claimants, but exclusive of those referenced in 11 U.S.C. Section  
14 507(a)(8) will receive payments of 100% of their respective claims, in cash over time, with a market rate  
15 of interest, as set forth in the Plan.

16 The Debtor may propose to separately classify some unsecured creditors from deficiency claims  
17 of other creditors.

18 Generally, all Administrative Claims will be paid in full in cash as stated in the Plan. The Debtor  
19 shall retain the property and the creditors shall be paid in accordance with modifications of their  
20 applicable loan and security documents as set forth herein and in the Plan of Reorganization.

21 4.3 Value of Secured Claims: Under the Plan, the Debtor proposes to allow the secured  
22 creditors to retain their liens in the amount equal to the full amount of their claim on the Petition Date.

23 The Debtor shall commence payments to all creditors as set forth in the Plan 30 days after the  
24 Effective Date, or earlier if the Debtor and creditors have so provided in a stipulation approved by the  
25 Court or ordered by the Court.

26 ANY STIPULATION ENTERED INTO BETWEEN THE SECURED CREDITORS AND THE  
27 DEBTOR SHALL SUPERSEDE ANY TREATMENT OF CREDITORS THAT MAY BE SET FORTH  
28 IN THE DEBTOR'S PLAN.

1           4.4 Cash Collateral Litigation: There is no pending cash collateral litigation.

2           4.5 Description of Assets - Values: The major assets of the debtor is restaurant equipment  
3 located at 6 different restaurant locations in Tucson ; 2570 S. 6<sup>th</sup> Ave, 1491 W. St. Mary's Rd, 670 W.  
4 Valencia Rd., 2570 E. Valencia Rd., 4299 W. Ina Rd., and 3102 E. Grant Rd. No further assets of the  
5 estate exist. The value of the equipment is discussed in the liquidation analysis attached hereto as Exhibit  
6 "C".

7           4.6 Anticipated Future of Debtor: Osso, LLC's goal is to stabilize its current operations with  
8 lowered overhead due to the restructuring of business debt. Confirmation will enable the company to  
9 utilize the improved cash flow in a prudent business manner including expansion to open more locations  
10 and expand in Arizona.

11           4.7 Source of Information: The source of the information presented is from Sonia Rembao,  
12 managing member of the Debtor.

13           4.8 Condition and Performance of the Debtor in Chapter 11: Debtor maintains the assets  
14 necessary to continue to operate.

15           4.9 Information Regarding Claims Against Estate: Debtor believes there are currently no claims  
16 against the estate.

17           4.10 Liquidation Analysis: A liquidation analysis valuing assets of the debtor in a Chapter 7  
18 is attached as **Exhibit "C"**. This liquidation analysis will include any uncollected account receivables.

19           4.11 Future Management of the Debtor: The Debtor will be managed by Sonia Rembao, post-  
20 confirmation.

21           4.12 Non-Bankruptcy Litigation: Debtor is unaware of any bankruptcy litigation not dealt with  
22 in Debtor's Plan of Reorganization.

23           4.13 Avoidable Transfers: Debtor is unaware of any transfers of property of this estate which  
24 would allow an avoidable transfer action.

25           4.14 Accounts Receivable: Debtor will collect accounts receivable as a regular ordinary course  
26 of business.

27           4.15 Presence of Affiliates: There are no affiliates of the debtor.

28           4.16 New Capital Contribution: Debtor does not believe a new capital contribution is required

1 as all allowed claims are being paid in full.

## 2 **SECTION V**

### 3 *Classification and Treatment of Claims and Interests*

4 1. *Claim Amounts:* Because certain claims against the Debtor may be unknown or of  
5 undetermined amounts, the amounts of claims specified in this Disclosure Statement reflect only the  
6 Debtor's best estimate at this time of the amount due. In addition, the amounts of the claims specified  
7 in this Disclosure Statement do not include, for example, claims arising from the rejection of certain  
8 executory contracts and other contingent or unliquidated claims arising against the debtor.

9 2. *Effective Date of the Plan:* The "Effective Date" of the Plan is important in determining  
10 when performance of many of the Debtor's obligations under the Plan is due. The Effective Date is  
11 defined in the Plan as the first business day following the later of the following day;

12 (i) the date on which the Order confirming the Plan (the "Confirmation Order") becomes  
13 final and non-appealable with no appeal then pending.

14 3. *Classification:* The Plan divides claims against the Debtor into multiple separate classes  
15 that the Debtor asserts are in accordance with the Bankruptcy Code. Unless otherwise expressly stated  
16 in the Plan, distributions to holders of allowed claims are in full satisfaction of their allowed claims. All  
17 claims against the Debtor arising prior to confirmation will be discharged by performance of the Plan  
18 on the Effective Date to the extent that such claims are dischargeable under the Bankruptcy Code Section  
19 1141(d). For the purposes of the Plan, claims are classified and treated as follows:

#### 20 5.1 Class One - Administrative Claims.

21 A. Classification: Class One consists of all claims for the cost of administration of  
22 the Debtor's bankruptcy estate. Included in this class are all claims for administrative expenses  
23 entitled to priority under Bankruptcy Code §507(A)(1), such as professional fees and costs, as approved  
24 by the Bankruptcy Court of the attorneys, accountants, and other professional persons employed by the  
25 Debtor, and all actual and necessary expenses of operating the Debtor's business pursuant to Bankruptcy  
26 Code §503(b), including without limitation, all fees charged against the Debtor's business pursuant to  
27 Chapter 123 of Title 28, United States Code. Debtor believes claims in this class will exceed \$15,000.00.

28 B. Impairment: Not impaired.

1 C. Treatment: The Plan provides for the payment in cash, in full, of all allowed  
2 Administrative Claims on the later of the Effective Date or the date upon which such Claims become  
3 Allowed Claims, or as otherwise ordered by the Bankruptcy Court or agreed to by Claimant and Debtor.  
4 Class 1 claims will be paid from assets of the estate or from principals of the debtor. The Debtor  
5 currently estimates that the Class 1 claims will exceed \$15,000.00 and may include post-petition  
6 administrative expenses. Such payments will reduce the amount of administrative expenses due on the  
7 Effective Date of the Plan unless otherwise provided for. Debtor's counsel has estimated its fees in the  
8 amount of \$15,000.00 and will submit a fee application with the Court after confirmation.

9 5.2 Class Two - Claims of Governmental Units

10 A. Classification: Class Two claims consists of all allowed claims of the United  
11 States Internal Revenue Service ("IRS") and/or State of Arizona, Department of Revenue ("DOR")  
12 and/or the Department of Economic Security ("DES"), City of Tucson or other government agency  
13 which are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code except ad  
14 valorem taxes. The IRS has filed a Proof of Claim in the amount of \$12,514.23 and the Arizona  
15 Department of Revenue has filed a Proof of Claim in the amount of \$8,533.10.

16 B. Impairment: Class 2 is impaired.

17 C. Treatment: Each holder of a Class Two allowed claim shall retain its lien or claim,  
18 in accordance with Section 1129 of the Bankruptcy Code. The claim shall bear simple interest at a fixed  
19 rate equal to that rate which would be required to be paid as of the Effective Date under Section 6621  
20 and/or 6622 of the Internal Revenue Code, or such other interest rate as the Bankruptcy Court determines  
21 is sufficient to confer upon the tax claim a value as of the Effective Date equal to the principal amount  
22 of such claim. The allowed claim shall be payable in 60 equal monthly installments of principal, along  
23 with accrued interest, in deferred cash payments over a period not to exceed five years from date of  
24 petition. The first payment shall commence on the first day of the month immediately following the  
25 month of the Effective Date. The claim is subject to prepayment at any time without penalty or premium  
26 and shall have such other terms as are usual and customary.

27 5.3 Class Three - Secured Tax Claims of Internal Revenue Service ("IRS")

28 A. Classification: Class Three shall consist of allowed IRS secured tax claims which

1 are secured by Internal Revenue Service tax liens. The IRS has filed a Proof of Claim in this class in  
2 the amount of \$77,489.06.

3 B. Impairment: Class 3 is impaired.

4 C. Treatment: The Class 3 secured claim shall be paid, in regular installments, with  
5 interest, over 96 months. Payments will commence thirty days after the Effective Date. Interest on the  
6 claim shall be at the rate in effect on the Effective Date of the Plan. The Debtors' first payment under  
7 the Plan for the secured claim shall be made thirty days from the effective date of the Plan and shall  
8 continue on the first day of each month thereafter until paid off.

9 5.4 Class Four - Secured Claim of Nissan Motor Acceptance Corporation ("Nissan")

10 A. Classification: Class 4 shall consist of the allowed secured claim of Nissan to the  
11 extent of the value of the secured creditor's interest in the Debtors' in the personal property known as  
12 a 2015 Nissan NV200. This claim is evidenced by a security agreement. Nissan has filed a claim in the  
13 amount of \$14,313.13.

14 B. Impairment: Class 4 is impaired.

15 C. Treatment: The Class 4 creditor will be paid the its allowed secured claim or  
16 principal balance due at confirmation in 60 equal monthly installments at 1.9% interest beginning 30  
17 days after the Effective Date.

18 5.5 Class Five - Unsecured Claims of Nellis Land, LLC and Fazzell Properties, LC ("Nellis")

19 A. Classification: Class 5 shall consist of the allowed claims of Nellis this claim is  
20 evidenced by a promissory note. Nellis has filed a claim in the amount of \$147,885.58.

21 B. Impairment: Class 5 is not impaired.

22 C. Treatment: The Class 5 creditor will continue to be paid by the principal of the  
23 debtor Sonia Remabo pursuant to the promissory note and deed of trust.

24 5.6 Class Six - Unsecured Deficiency Claims and Unsecured Claims.

25 A. Classification: Class 6 consists of all unsecured deficiency claims and  
26 unsecured claims against the debtor. Debtor estimated unsecured claims in this class in the amount of  
27 \$61,152.04.

28 B. Impairment: Class 6 is impaired.

1 C. Treatment: The Plan provides that each and every holder of a Class 6 Allowed  
2 Claim shall be paid 100 % of the allowed amount of their claims at 1 % interest on the unpaid balance  
3 in equal monthly installments in 120 equal monthly installments with the first payment due 60 days from  
4 the Effective Date. Any liens held by the Class 6 creditors shall be null and void and removed as of the  
5 Effective Date.

6 5.7 Class Seven - Contingent, Unliquidated and Disputed Claims.

7 A. Classification: Class 7 consists of all contingent, unliquidated and disputed  
8 claims. Debtor disputed claims at the time of filing: Tucson Premium Outlets filed a claim in the amount  
9 of \$128,986.39.

10 B. Impairment: Class 7 is impaired.

11 C. Treatment: Class 7 creditors shall receive no distribution under the Plan as  
12 disputed claims.

13 5.8 Class Eight - Claims of Participating Investors.

14 A. Classification: Class 8 consists of the claims of participating investors.

15 B. Impairment: Class 8 is impaired.

16 C. Treatment: Unless participating investors contribute substantial capital required  
17 to fund this Plan and/or make capital improvements to the subject property they will receive no  
18 percentage of the equity interest of the debtor and no distribution under the Plan. At this time there are  
19 no participating investors.

20 5.9 Class Nine - Interest of Equity Holders.

21 A. Classification: Class 9 consists of the interest of the debtor.

22 B. Impairment: Class 9 is not impaired.

23 C. Treatment: Debtor does not believe a new capital contribution is required as  
24 allowed claims are being paid in full.

25  
26 ***SECTION VI***

27 *Post-Confirmation Management*

28 The managing member of the Debtor post-confirmation will be Sonia Rembao.

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**SECTION VII**

*Income Tax Consequences of Reorganization*

The Debtor has been advised by Eric Slocum Sparks, Esq. to obtain independent tax advice to determine the consequences of going forward under the Plan and retaining the Property hereunder. The Debtor has advised Eric Slocum Sparks, Esq. that outside tax counsel has been/or will be retained and/or consulted to assist in drafting, amending or revising the Plan as proposed. The debtor and Eric Slocum Sparks, P.C. have been advised that the debtor can retain the property without significant adverse tax consequences.

7.1 Disclaimer: *The income tax consequences of the reorganization of the Debtor pursuant to this Plan will be different and will depend upon the Debtor’s tax situation. Eric Slocum Sparks, P.C. is not advising the Debtor regarding the tax consequences of the reorganization of the Debtor and the Debtor will consult with its own tax advisor regarding the tax consequences of the reorganization of the Debtor according to the Plan.*

*ANY POTENTIAL PARTICIPATING INVESTORS ARE URGED TO CONSULT THEIR OWN ADVISORS AS TO THE OVERALL TAX IMPLICATIONS OF PARTICIPATION OR NON-PARTICIPATION UNDER THE PLAN.*

7.2 Consummation: For purposes of Local Bankruptcy Rule 2015, and consistent with Bankruptcy Code Section 1001(2), consummation of the Plan shall occur upon the ① funding of the contributions due from participating investors hereunder if required ; and ② commencement of disbursements to Impaired creditors as provided in the Plan.

**SECTION VIII**

*Feasibility*

As a condition to confirmation of a plan of reorganization, Section 1129(a)(11) of the Bankruptcy Code requires that the confirmation is not likely to be followed by a liquidation or the need for further financial reorganization, except as proposed in such plan.

The debtor sets out as **Exhibit D** its Anticipated Income and Expense and the Schedule of



1 Sources and Uses of Cash.

2 THE FINANCIAL PROJECTIONS SET FORTH IN THIS DISCLOSURE STATEMENT  
3 REPRESENT A PREDICTION OF FUTURE EVENTS BASED ON CERTAIN ASSUMPTIONS OF  
4 THE DEBTOR. ANTICIPATED FUTURE EVENTS MAY OR MAY NOT OCCUR AND THE  
5 PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF  
6 THE ACTUAL RESULTS WHICH WILL OCCUR. BECAUSE OF THE UNCERTAINTIES  
7 INHERENT IN PREDICTIONS OF FUTURE EVENTS, THE ACTUAL RESULTS OF OPERATIONS  
8 MAY WELL BE DIFFERENT FROM THOSE PREDICTED AND SUCH DIFFERENCES MAY BE  
9 MATERIAL AND ADVERSE.

10 THE FINANCIAL PROJECTIONS ARE INTENDED TO ASSESS THE FUTURE ASSETS,  
11 LIABILITIES, INCOME AND CASH FLOW AVAILABLE FOR DEBT SERVICING AND ARE NOT  
12 DESIGNED OR INTENDED TO BE USED FOR PURPOSES OF PROJECTING THE FUTURE  
13 VALUE OF THE DEBTOR'S INTERESTS OR DEBENTURES ISSUED BY OR ON BEHALF OF  
14 THE REORGANIZED DEBTOR.

15 The Debtor has made a variety of assumptions which have been the basis of its Plan of  
16 Reorganization. Those assumptions include (1) that by reamortizing obligations the debtor can remain  
17 current on its payments; and (2) reamortization of its debt will allow its revenues to pay obligations of  
18 debtor. These assumptions will be available to make debt service payments as proposed under the Plan.  
19 Based on the cash flow projections prepared by the debtor, the debtor believes that the Plan satisfies the  
20 feasibility requirements of the Bankruptcy Code.

## 21 **SECTION IX**

### 22 *Liquidation Analysis*

23  
24 The primary assets and only significant income-producing asset of the Debtor's estate is the 6  
25 restaurant locations. The property is subject to and encumbered by the asserted liens and security  
26 interests held by the major secured creditors of the property.

27 In the event this case were converted to a case under Chapter 7 and the assets of the estate  
28 liquidated, these creditors would proceed to foreclose upon their interest in the property. A foreclosure

1 of the property would eliminate any prospect of any payment to remaining unsecured and priority  
2 creditors. As a result, it is the debtor's opinion that all claimants are best served through implementation  
3 and effectuation of the Plan which provides for a significant , albeit limited, dividend on its claims. If  
4 the Plan of Reorganization is consummated, the Unsecured trade creditors and unsecured deficiency  
5 claims will be paid a substantial sum of monies, on a pro rata basis as set forth in the Plan. Creditors and  
6 other interested parties are urged to review the debtor's schedules and statement of affairs as filed with  
7 the United States Bankruptcy Clerk's Office (and as amended from time to time) for purposes of  
8 confirming the debtor's conclusions contained in this liquidations analysis, attached hereto as **Exhibit**  
9 **"C"**.

## 11 ***SECTION X***

### 12 *Acceptance and Confirmation*

13 10.1 What is Necessary for Court Approval of a Plan: Chapter 11 of the Bankruptcy Code  
14 permits the readjustment of secured debt, unsecured debt and equity interests. A Chapter 11 plan may  
15 provide less than full satisfaction of senior indebtedness and payment of junior indebtedness, and may  
16 even provide some return to equity owners absent full satisfaction of indebtedness, so long as no  
17 impaired class votes against the plan (except as provided below).

18 Even if an impaired class votes against the plan, implementation of the plan is still possible so  
19 long as the plan is fair and equitable and that class is afforded certain treatment defined by the Code.  
20 That certain treatment may be very broadly defined as giving a claimant the full value of his claim or  
21 interest. Such value is determined by the Court and balanced against the treatment afforded the  
22 dissenting class of creditors. If the latter is equal to or greater than the former, the Plan may be confirmed  
23 over the dissent of that class, depending upon the treatment of junior claims and interests. In particular,  
24 senior claims must be satisfied in full prior to payment of junior claims or interests, unless the holders  
25 of senior claims agree to different treatment. This principle, commonly known as the "absolute priority  
26 rule", applies only in cases when a class of unsecured claims or equity interests is impaired and does not  
27 accept the plan. In that event, the absolute priority rule does not apply to all classes of unsecured claims  
28 and equity interests, but only to the dissenting class and classes junior to the dissenting class.

1 The exception to the absolute priority rule is that an existing Debtor can contribute money or  
2 property which is (1) new (fresh); (2) substantial; (3) necessary, and (4) not readily available from other  
3 sources.

4 In the event a class is unimpaired, it is automatically deemed to have accepted the plan. In this  
5 proposed Plan, Classes 2, 3, 4, 6, 7 and 8 will be impaired, as defined in §1124 of the Code, as the result  
6 of the Plan. All other classes will be unimpaired.

7 The Code states that if there is no dissenting class, the test for approval by the Court of a Chapter  
8 11 plan (i.e., confirmation) is whether the plan is feasible and in the best interests of creditors and  
9 interest holders. In simple terms, a plan is in the best interests of creditors and interest holders if the plan  
10 will provide a better recovery to the creditors and interest holders than they would obtain if the Debtor  
11 were liquidated and the proceeds distributed in accordance with bankruptcy liquidation priorities. The  
12 Court, in considering this factor, need not consider any other alternative to the plan but liquidation.

13 In considering "feasibility", as mentioned earlier, the Bankruptcy Court is only required to  
14 determine whether the plan has a reasonable prospect of being accomplished. This entails determining  
15 the availability of cash for payments required at the effective date, and any other factor which might  
16 make it impossible for the reorganized Debtor to accomplish that which it proposes to accomplish in he  
17 plan.

18 In addition, in order to confirm a plan, the Court must find that the plan was proposed in good  
19 faith and that the plan and the Debtor are in compliance with the applicable provisions of Chapter 11.  
20 Finally, similar to the requirement that the Court find the plan to be feasible, the Court must find that  
21 liquidation or further reorganization of the reorganized Debtor is not likely to occur after implementation  
22 of the plan.

23 The determination by the Court that a plan is fair, equitable and feasible occurs at the  
24 confirmation hearing after a plan has been accepted. The Court's judgment on these matter does not  
25 constitute an expression of the Court's opinion as to whether the plan is a good one, nor does it constitute  
26 an opinion by the Court regarding any debt or equity interest or securities issued to creditors under the  
27 plan.

28 10.2 Alternatives to the Plan: Although this Disclosure Statement is intended to provide

1 information to assist in the formation of a judgment as to whether to vote for or against this proposed  
2 Plan, and although creditors are not being offered through that vote an opportunity to express an opinion  
3 concerning alternatives to the Plan, a brief reminder of the alternative to the Plan is in order. This  
4 alternative includes the probable liquidation of the Debtor through conversion of the case to one under  
5 Chapter 7. The Debtor believes the Plan to be in the best interests of the creditors and the interest  
6 holders. Consequently, the unsecured creditors of the debtor would likely receive smaller or no  
7 distributions under a Chapter 7 liquidation. THE DEBTOR HAS ATTEMPTED TO SET FORTH THE  
8 LIKELY LIQUIDATION ALTERNATIVE TO ITS PROPOSED PLAN. THE DEBTOR MUST  
9 CAUTION CREDITORS HOWEVER, THAT A VOTE MUST BE FOR OR AGAINST THE PLAN.  
10 THE VOTE ON THE PLAN DOES NOT INCLUDE A VOTE ON THE LIKELY LIQUIDATION  
11 ALTERNATIVE TO THE PLAN. THERE IS NO ASSURANCE THAT THE LIKELY LIQUIDATION  
12 ALTERNATIVE WILL, IN FACT, FOLLOW IF THE PLAN FAILS ACCEPTANCE. IF YOU  
13 BELIEVE THE LIQUIDATION ALTERNATIVE IS PREFERABLE TO THE PLAN AND YOU WISH  
14 TO URGE IT UPON THE COURT, YOU SHOULD CONSULT COUNSEL.

15       10.3 Specific Consideration in Voting: All of the foregoing gives rise to the following  
16 implications and risks concerning the Plan.

17       While the Plan provides for certain payments, such payments will apply only to allowed claims  
18 and certain interests. Under the Bankruptcy Code, a claim may not be paid until it is "allowed". A claim  
19 will be allowed in the absence of an objection. A claim to which an objection has been filed will be  
20 heard by the Court at a regular evidentiary hearing and will be allowed in full, in part, or disallowed.  
21 While the Debtor will bear the principal responsibility for claim objections, any interested party may file  
22 claim objections. Accordingly, payment on all claims may be delayed until objections to such claims  
23 are ultimately settled.

24       10.4 Risk Factors. For classes of claims which do not receive cash on the Effective Date,  
25 there are certain risks inherent in accepting the Plan, including the absence of absolute certainty of  
26 ultimate payment.

27       10.5 Disclosure Required by the Code: The Code requires disclosure of certain facts as  
28 follows:

- 1) there are no payments or promises made of the kind specified in Section 1129(a)(4)(A) of the Code which have not previously been disclosed to the Court;
- 2) the ownership of the Reorganized Debtor will not be affected by the Plan.

## ***SECTION XI***

### *Other Provisions of the Plan*

11.1 Retention of Jurisdiction: The Bankruptcy Court shall retain exclusive jurisdiction over this case to supervise the Plan, to hear, if applicable law provides, and to determine, among other things, the following matters:

- 1) any and all objections to the allowance of claims or interests except as provided in the Plan;
- 2) any and all applications for payment for fees from the Debtor made by attorneys and other professional pursuant to Sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid by the Debtor under Section 327 of the Bankruptcy Code, and any objections thereto;
- 3) any and all pending applications for rejection, the assumption, or assignment as the case may be of unexpired leases and executory contracts;
- 4) any and all motions, applications, adversary proceedings and contested or litigated matters properly before the Bankruptcy Court;
- 5) modifications of this Plan;
- 6) all matters relating to the implementation or consummation of this Plan;
- 7) any and all suits or actions brought for collection or recoupment of debts or other obligations owed by defaulted partners to the Debtor.

11.2 Retention of Causes of Action: The Debtor shall retain all claims or causes of action which it has as of the Confirmation Date, the powers of the debtor-in-possession for purposes of prosecuting claims and causes of action arising under the Bankruptcy Code, and full authority to pursue, compromise, and resolve all such claims and causes of action unless the Court has granted any such right to a creditor of this estate.

1           11.3     Retention or Rejection of Executory Contracts and Leases: The Plan provides that  
2 pursuant to Section 365 of the Bankruptcy Code, the Debtor assumes all executory contracts and  
3 unexpired leases to which they are a party, including leases specifically provided prior to the hearing on  
4 the Disclosure Statement, if any.

5           11.4     Amendments to Plan: The Plan may be altered, amended, or modified by the proponents  
6 before the Confirmation Date, in the manner provided for by Section 1127 of the Bankruptcy Code or  
7 otherwise provided for by law. The Plan may also be altered, amended, or modified by the proponents  
8 after the Effective Date in accordance with the Bankruptcy Code and applicable law. A holder of a claim  
9 or interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected as the case  
10 may be the Plan as modified unless the modification detrimentally effects the holder of such claim or  
11 interest without the prior consent thereof.

12           11.5     Offer, Issuance and Resale of Plan Securities: The offer and issuance of Plan  
13 Securities by any Debtor which constitutes securities under the Securities Act of 1933, as amended  
14 (the "1933 Act") or applicable state securities laws have not been registered under the 1933 Act or such  
15 state securities laws, pursuant to the exemption therefrom provided by Section 1145 of the Bankruptcy  
16 Code.

17           The Plan Securities will bear the following legend:

18                     "The offer and sale of this Plan Security has not been registered under the  
19                     Securities Act of 1933, as amended, or qualified under applicable state  
20                     securities laws, and this Plan Security may not be offered, sold or  
21                     transferred in the absence of such registration or an exemption therefrom  
22                     under such laws."

23           Resale or other transfer of a Plan Security by a creditor who has acquired it pursuant to the Plan,  
24 may or may not be exempt from the registration requirements of Section 5 of the Securities Act  
25 of 1933 and any applicable state securities laws or Blue Sky Laws.

26           BY ITS RECEIPT OF A PLAN SECURITY, EACH RECIPIENT SHALL BE DEEMED TO  
27 ACKNOWLEDGE THAT IT IS RESPONSIBLE FOR ITS COMPLIANCE WITH ALL APPLICABLE  
28 SECURITIES LAWS. EACH CREDITOR SHOULD CONSULT HIS OR HER OWN ATTORNEY

1 AS TO WHETHER ANY RESALE OF A PLAN SECURITY REQUIRES REGISTRATION OF SUCH  
2 SECURITY UNDER THE SECURITIES ACT OF 1933 OR AN APPLICABLE STATE SECURITIES  
3 LAW.

4 11.6 Provision for Filing Reports and Payments of Fees to the Office of the United States  
5 Trustee: The Debtor shall timely file all quarterly reports and post-confirmation reports and shall pay  
6 all fees to the United States Trustee as required by law and will incorporate such language into the order  
7 confirming the Debtor's Plan of Reorganization.

8  
9 **SECTION XII**

10 *Recommendation of Debtor*

11 The Debtor recommends that the Plan of Reorganization be approved as it is a 100% plan. The  
12 Debtor is of the opinion that the Plan approval is in the best interest of all creditors.

13  
14 **CONCLUSION**

15 The materials provided in this Disclosure Statement are intended to assist you in voting on the  
16 Plan in an informed fashion. If the Plan is confirmed, you will be bound by its terms. Therefore, you  
17 are urged to review this material in order to make an informed vote on the Plan.

18  
19 DATED: November 17, 2017

20 LAW OFFICES OF  
21 ERIC SLOCUM SPARKS, P.C.

22 /s/ Sparks AZBAR #11726  
23 Eric Slocum Sparks  
24 Attorney for Debtor

25 Copies of the foregoing  
26 mailed November 17, 2017 to:

27 United States Trustee  
28 230 N. First Ave. #204  
Phoenix, AZ 85003

Simon Property Group, Inc

1 Attn: Ronald M. Tucker, Esq.  
2 225 West Washington Street  
3 Indianapolis, Indiana 46204

4 Dean C. Waldt, Esq.  
5 Michael A. DiGiacomo, Esq.  
6 BALLARD SPAHR, LLP  
7 1 East Washington Street, Suite 2300  
8 Phoenix, AZ 85004-2555

9 /s/ A. Court-Sanchez

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