

1 ANERIO V. ALTMAN, Cal. Bar No. 228445
LAKE FOREST BANKRUPTCY
2 23151 Moulton Parkway, Suite 131
Laguna Hills, California 92630
3 Telephone: 949-218-2002
Facsimile: 949-218-2002
4 avaesq@lakeforestbkoffice.com
5 Proposed Bankruptcy Counsel for
Debtor-in-Possession 220 ADAMS RANCH ROAD, LLC.
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9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **LOS ANGELES DIVISION**

12
13 In re
14 220 ADAMS RANCH ROAD, LLC.
15 Debtors.

Case No. 2:15-bk-22727-ER

Chapter 11

**THIRD AMENDED DISCLOSURE
STATEMENT**

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19 **TO THE HONORABLE ERNEST ROBLES, UNITED STATES**
20 **BANKRUPTCY JUDGE; THE OFFICE OF THE UNITED STATES**
21 **TRUSTEE; THE DEBTORS' SECURED LENDERS; THE DEBTORS' 20**
22 **LARGEST UNSECURED CREDITORS; AND OTHER INTERESTED**
23 **PARTIES AND THEIR ATTORNEYS OF RECORD:**

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1 **I. INTRODUCTION**

2 220 Adams Ranch Road, LLC. (“Debtor”) files this THIRD AMENDED
3 DISCLSOURE STATEMENT (the “Disclosure Statement”) in support of its
4 CHAPTER 11 PLAN (“PLAN”).
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6 All parties should note that this disclosure statement is explanatory only. The
7 Plan and the terms of the Plan therein are binding on the parties. Upon approval of
8 this disclosure statement and exhibits, a Plan and Ballot will be served on all Parties
9 and offer them the opportunity to vote on the Plan.
10

11 **II. BACKGROUND OF THE DEBTOR**

12 For many years JOHN DAVID THOMAS (“Thomas”) had been a real estate
13 developer in Southern California. Mr. Thomas’s business is extremely cyclical.
14

15 In the early 2000s, Thomas purchased a single family residence in Colorado
16 (“the Property”), and shortly thereafter deeded it to a testamentary trust, the 220
17 Adams Ranch Road Trust, of which Thomas has been the sole trustee.
18

19 The subject loan on the Property was secured by a first trust deed. The note
20 ultimately found its way into the hands of JP Morgan Chase.
21

22 In 2008, due to the crash in the real estate markets, entities in which Mr.
23 Thomas held an interest lost several properties and he fell behind on the Chase note
24 which began to build up arrears.
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26 In 2014, due to disagreements concerning the servicing of the Chase note, Mr.
27 Thomas, as Trustee of the 220 Adams Road Ranch Trust, initiated litigation with JP
28

1 Morgan Chase in the Central District of California. Shortly before the judicial
2 foreclosure, the 220 Adams Ranch Road Trust formed 220 Adams Ranch Road,
3 LLC. Mr. Thomas is the sole member of this business entity. The Property was
4 transferred to the 220 Adams Ranch Road, LLC prior to foreclosure.
5

6 Meanwhile, up until recently, the legal proceedings continued in the Central
7 District of California. They have since been dismissed.
8

9 **III. PRIOR DISCLOSURE STATEMENT**

10 The Debtor filed its FIRST AMENDED DISCLOSURE STATEMENT
11 (“FAD”) on September 21, 2016. A hearing was set on the FAD for October 26th,
12 2016. Both the United States Trustee and the Chase filed objections to the FAD
13 docketed as numbers 68 and 69 respectively. After discussions by and between the
14 parties, a stipulation was reached and filed as Docket #75 to continue the hearing to
15 allow for a stipulation to be filed between the Debtor, Mr. Thomas and Chase
16 regarding the treatment of Chase’s claim. However, the Stipulation became moot in
17 light of the court’s ruling on October 26th, 2016 allowing an amended disclosure
18 statement to be filed. Docket #75 and the court’s tentative ruling from October 26th,
19 2016 are attached to this statement as exhibits.
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24 On November 3, 2016, Chase and Debtor executed and filed a Stipulation Re:
25 Treatment of Chase’s Claim under Debtor’s Chapter 11 Plan (“**Chase Stipulation**”).
26 *See, Docket Number 78.*
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1 On November 8, 2016, the Court approved the Chase Stipulation. *See, Docket*
2 *Number 80*. On November 28th, 2016, Debtor filed a SECOND AMENDED
3 DISCLOSURE STATEMENT (“2nd FAD”) as Docket #83 which was set for
4 hearing on January 11th, 2016. Chase objected to the 2nd FAD because it wanted the
5 amended Plan to clearly reflect the Chase Stipulation, and the parties executed a
6 stipulation to modify the 2nd FAD which was filed and approved by the court as
7 docket #92 and later approved as docket #94. A copy of docket #92 and approving
8 order are attached to this statement as exhibits.
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12 The Court approved the 2nd FAD, subject to the parties’ stipulation requiring
13 modifications thereto, and ordered this instant THIRD AMENDED DISCLOSURE
14 STATEMENT (“3rd FAD”). A copy of the court’s ruling is attached as Docket #95.
15

16 **IV. TARDINESS OF THIS RESPONSE**

17 The 3rd FAD and accompanying orders were to be filed by January 25th, 2017
18 per the court’s ruling on Docket #95. Due to a technical error on Debtor’s
19 Counsel’s part, the document had to be completely redrafted as the electronic
20 original became corrupted. As there has been no material harm to any party, the
21 Debtor requests that the court refrain from punishing the Debtor for this error.
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24 **V. ALL CREDITORS ARE NOW IN SUPPORT OF THE PLAN**

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1 As of the date of this writing, the Debtor’s entire creditor body is now in
2 support of the Plan¹.

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4 **VI. EFFECTIVE DATE OF THE PLAN**

5 The effective date of the Plan will be 14 days following the entry of the order
6 confirming the Plan unless a stay of confirmation order is in effect, in which case
7 the effective date will be the first business day after the date on which the stay of the
8 confirmation order has been lifted, provided that the confirmation order has not been
9 vacated. (“Effective Date”)
10

11
12 The Plan provided as an exhibit to this Disclosure Statement is an exhibit
13 only. An actual plan, and ballots, will be served after this Disclosure Statement is
14 approved and that will provide you with an opportunity to vote on the Plan.
15

16 **VII. CLAIMS**

17 The Plan classifies claims and interests in various classes according to their
18 right to priority. The Plan states whether each class or class of interests is impaired
19 or unimpaired. This Plan provides for the treatment each class will receive. The
20 classes in the Plan are summarized as follows:
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22 **A. UNCLASSIFIED CLAIMS: ADMINISTRATIVE AND**
23 **PRIORITY CLAIMS**
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27 ¹ The \$800.00 priority tax claim of the California Franchise Tax Board has either been paid
28 or will be paid so they are presumed to either consent or not be at issue at this time.

1 Holders of administrative priority claims are entitled to priority pursuant to
2 Sec. 507(a)(2) of the Bankruptcy Code. These include (i)Professional fees and
3 costs; (ii)United States Trustee’s Fees; and (iii)Post-Petition domestic support
4 obligations. Such claims shall be paid in full on, or as soon as practicable after, the
5 Effective Date or upon allowance of such claim, whichever is later.
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8 KNOWN CLAIMS:

9 LAKE FOREST BANKRUPTCY \$15,000 (estimated)

10 **B. UNCLASSIFIED CLAIMS: PRIORITY UNSECURED**

11 **CREDITORS**

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13 Priority unsecured claims are impaired and entitled to vote under the Plan.
14 Such creditors will be paid monthly in full over 5 years with 0% interest. Payments
15 shall be made in equal monthly amortizing installments beginning on the first day of
16 each calendar month after the Effective Date. Alternatively, if any one of these
17 classes does not vote to accept the Plan, then each claim in such class must be paid
18 in full on, or as soon as practicable after, the Effective Date or the Plan cannot be
19 confirmed.
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22 KNOWN CLAIMS:

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24 CALIFORNIA FRANCHISE TAX BOARD: \$800.00

25 **C. SECURED CLAIMS**

26 **D. CLASS 1: JPMORGAN CHASE BANK**

1 Chase maintains the senior lien on the Property in an amount of
2 approximately \$2,833,236.52. This Class 1 Claim is impaired. The Treatment of the
3 Class 1 Claim shall be pursuant to the terms and provisions as set forth in the
4 parties' Claim Treatment Stipulation ("Chase Stipulation") on file with the Court at
5 *Docket Number 78* and related Order thereon at *Docket Number 80*, copies of which
6 are attached to the Plan as Exhibit A and fully incorporated into the Plan by this
7 reference.

8 **CLASS 2: VAL ALAHAN**

9 Val Alahan is a junior secured creditor with a lien in amount of approximately
10 \$120,000 secured to the Property. This was a consensual lien produced as a result
11 of a settlement agreement between Mr. Alahan and Mr. Thomas. This lien secured
12 and guaranteed payment for Mr. Alahan. This lien will be avoided as a term of the
13 Plan and paid by Mr. Thomas directly in conformity with with a payment schedule
14 by and between Mr. Alahan and Mr. Thomas already in force. The last remaining
15 payment on this schedule is slated to consist of one payment of \$85,000 to be paid
16 on or before April 15th, 2017.

17 A stipulation memorializing these terms will be provided including Mr.
18 Alahan's vote in favor of the Plan within 30 days of this writing.

19 **E. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

20 There are no executory contracts or unexpired leases of note addressed under
21 the Plan.

22 **F. DISCHARGE**

1 Upon confirmation of the Plan, the Debtor may receive a discharge of its pre-
2 confirmation debts, except such discharge shall not discharge the Debtor from any
3 debts that are found to be non-dischargeable under Sec. 523 or are obligations
4 created by this Plan. The payments promised in the Plan constitute new contractual
5 obligations that replace the pre-confirmation debts proposed to be discharged.
6
7 Creditors may not sue to collect upon these debts or obligations so long as the
8 Debtor is not in material default under the Plan. If the Debtor materially defaults in
9 performing the Plan, affected creditors may sue Debtor to enforce the terms of the
10 Plan, or to discuss the case or to convert it to a case under Chapter 7 of the
11 Bankruptcy Code.
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14 **VIII. VOTING ON CONFIRMATION OF THE PLAN**

15 **A. WHO MAY VOTE:**

16 Only impaired creditors are entitled to vote. 11 U.S.C. Sec. 1124. A creditor
17 is entitled to vote on confirmation fo the Plan unless (i)the creditor's class is
18 unimpaired or is to receive no distribution; (ii)an objection has been filed to that
19 creditor's claim; (iii)that creditor's claim is scheduled by the Debtor as contingent,
20 disputed, unliquidated or unknown and the creditor has not filed a proof of claim; or
21 (iv)the claim is unclassified (and thus required by law to be paid in full). A creditor
22 whose claim has either been objected to or has been scheduled by Debtor as
23 contingent, disputed, unliquidated or unknown or who has to file a proof of claim,
24 and who wishes to vote, must move to have its claim allowed for voting purposes by
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1 filing a motion for such relief in time for that motion to be heard before the hearing
2 on confirmation of the Plan. A creditor whose claim has been allowed in part as a
3 secured claim and in part as an unsecured claim is entitled to accept or reject a Plan
4 in each capacity by delivering one ballot for the secured part fo the claim and
5 another ballot for the unsecured portion of the claim.
6

7 **B. HOW TO VOTE:**

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9 A voting creditor must fill out and return the attached ballot so that it is
10 received by the Debtor no later than the date to be specified in the ballot by delivery
11 to: ANERIO V. ALTMAN, ESQ. LAKE FOREST BANKRUPTCY, 23151
12 MOULTON PARKWAY, LAGUNA HILLS, CA 92653.
13

14 **C. EFFECT OF VOTE**

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16 The Plan will be confirmed only if (i)it is accepted by all impaired classes, or
17 (ii)it is accepted by at least one impaired class exclusive of insiders (as defined by
18 Sec. 101(31) and the court determines that the Plan is “fair and equitable” as defined
19 by Sec. 1129(b)) to all rejecting classes of creditors, and it meets all of the other
20 criteria required for confirmation. A class of creditors accepts the Plan if it is
21 accepted by a majority in number and at least two-thirds in dollar amount of the
22 creditors in that class that vote timely.
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25 **IX. PLAN FUNDING**

26 **A. FUNDING FOR THE PLAN**

27 **i. CONTRIBUTIONS BY THOMAS**

1 Funds will be contributed by Thomas, or a business entity designated by
2 Thomas, to the Debtor. The Debtor has received \$120,000 by this method prior to
3 the Effective Date, and ongoing distributions will be made as necessary.
4

5 **ii. DISBURSING AGENT**

6 The Debtor, by way of Mr. Thomas, will act as the disbursing agent (the
7 “Disbursing Agent”) for distributions to be made to holders of allowed claims. The
8 Disbursing Agent shall not be required to provide any bond in connection with the
9 making of any distribution pursuant to the terms of the Plan.
10

11 **X. RISK FACTORS**

12 There are no known risk factors to the success of the Plan except from the
13 Debtor’s principal’s possible loss in employment or employment income.
14

15 **XI. LIQUIDATION ANALYSIS**

16 The Proposed plan meets the liquidation analysis.

17 The Debtor has no property nor assets other than the Property. The Property
18 has been valued at \$2,025,000 for purposes of this Liquidation Analyssi only, and is
19 over-encumbered by almost \$1,000,000 from the liens of Chase and Val Alahan. In
20 a Chapter 7 proceeding, there would be no distribution to any unsecured creditors.
21

22 **XII. FEASIBILITY**

23 The Plan cannot be confirmed unless the court finds it feasible. A Plan is
24 feasible if confirmation of the Plan is not likely to be followed by the liquidation or
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1 the need for further reorganization, of the Debtor, unless such liquidation or
2 reorganization is proposed in the Plan.

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4 Here, the Debtor contains and is provided sufficient assets in hits bank
5 account to begin performance on its obligations owed to Chase. Further
6 contributions can be made as necessary to effectuate this Plan. There is no potential
7
8 for liquidation and no further changes that need to be made.

9 **XIII. EXHIBITS**

10 The Debtor provides the following exhibits in support of this 3rd FAD:

11 **A. EXHIBIT A: PROPOSED PLAN W/CHASE STIPULATION**

12 **B. PROPOSED BALLOT;**

13 **C. EXHIBIT C: STIPULATIONS WITH CHASE;**

14 **D. EXHIBIT D: PRIOR ORDERS; and**

15 **E. EXHIBIT E: MONTHLY OPERATING REPORT**

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17 **XIV. CONCLUSION**

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19 Based upon the preceding statements, the Debtor requests that the Court
20 approve this THIRD AMENDED DISCLOSURE STATEMENT.
21

22 Dated:1/29/2017

23 Signed: S/ ANERIO V. ALTMAN, ESQ.
24 ANERIO V. ALTMAN, ESQ.
25 ATTORNEY FOR DEBTOR
26 220 ADAMS RANCH ROAD, LLC.
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1 I declare, under penalty of perjury of the laws of the United States, that I have read
2 the Disclosure Statement, and the information contained herein is true and correct as
3
4 to the best of my knowledge.

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6 Date:1/29/2017

Signed:/S/ JOHN DAVID THOMAS
JOHN DAVID THOMAS
MANAGING MEMBER
220 ADAMS RANCH ROAD, LLC.
(Signed by counsel with verbal
permission from John David Thomas)

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