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8 Attorneys for Debtor and Debtor-in-Possession

9
10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **RIVERSIDE DIVISION**

13 In re AMBASSADOR ENERGY, INC.,) Case No.: 6:16-bk-11880SC
14 Debtor-in-Possession) Chapter 11
15) **MOTION FOR CONDITIONAL**
16) **APPROVAL OF DISCLOSURE**
17) **STATEMENT AND SCHEDULING**
18) **CONFIRMATION HEARING;**
19) **MEMORANDUM OF POINTS AND**
20) **AUTHORITIES; DECLARATION OF**
21) **KELLY SMITH IN SUPPORT THEREOF**
22)
23) [No Hearing Required]

24 **TO THE HONORABLE SCOTT CLARKSON, UNITED STATES BANKRUPTCY**
25 **JUDGE, AND THE OFFICE OF THE UNITED STATES TRUSTEE:**

26 **PLEASE TAKE NOTICE** that pursuant to Local Bankruptcy Rule 3017-2, Chapter 11
27 Debtor and Debtor-In-Possession Ambassador Energy, Inc. (“Debtor”), a small business debtor,
28 will and hereby does respectfully move the Court for an order conditionally approving its
“Disclosure Statement In Support Of Debtor’s Chapter 11 Plan Of Reorganization” (the
“Disclosure Statement”) as having adequate information pursuant to 11 U.S.C. § 1125(b) and
scheduling a confirmation hearing on its proposed Plan of Reorganization with the dates
proposed herein. The Debtor believes that this motion should be granted because the Disclosure
Statement has been prepared by the Debtor and its professionals to provide adequate information
to creditors of the estate so that they can intelligently assess the proposed plan of reorganization,
and the proposed schedule is in accord with relevant statutes and rules and the Court’s own

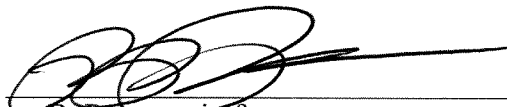
1 calendar of hearings.

2 This motion is made pursuant to 11 U.S.C. §§ 1121(e), 1125(f) and 1129(e); Fed. R.
3 Bankr. P. 2002(b), 3017.1 and 9006(c); and Local Bankruptcy Rule 3017-2. It is based upon this
4 Notice of Motion and Motion, the Supporting Memorandum of Points and Authorities, the
5 Declaration of Kelly Smith, the arguments of counsel, and any and all other evidence presented to
6 the Court at or before the scheduled hearing. Pursuant to Local Rule 3017-2, no hearing or notice
7 to creditors is required for the Court to grant this motion and conditionally approve the
8 Disclosure Statement.

9 WHEREFORE, the Debtor requests that this motion be granted, and that the Disclosure
10 Statement be approved for distribution to creditors, on the schedule specified herein.

11
12 Dated: 7/22/16, 2016

Respectfully Submitted,
Ambassador Energy, Inc.,
Debtor-In-Possession

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15 By: 
16 Robert B. Rosenstein for
17 Rosenstein & Associates,
18 Attorneys for Ambassador Energy, Inc.
19 Debtor and Debtor-In-Possession
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **IN SUPPORT OF MOTION**

3 Ambassador Energy, Inc. (“Debtor”) presents the following Statement of Facts and Legal
4 Authorities in support of this motion for conditional approval of its Disclosure Statement.

5 **I. BACKGROUND**

6 The Debtor is a California corporation. It was formed for the purpose of selling and installing
7 solar energy systems and to provide training to potential installers. The Debtor’s corporate office is
8 located in Murrieta, California. It is under the management of Kelly Smith, President, and Steve
9 Fulgham, Chief Operating Officer. Kelly Smith owns 56.83% of the Debtor’s outstanding shares,
10 and Steve Fulgham 17.89%; the remaining shares are held by eight (8) other individuals and couples.

11 Over the past year, due to the effect of delayed cash flows from third-party financing
12 arrangements and slow payment on various jobs and projects, the Debtor fell behind in paying its
13 various vendors and lenders. It attempted to work out a program with its creditors to avoid having to
14 seek relief from this Court, and was moderately successful, but in the end it could not avoid filing for
15 protection under Chapter 11 of the Bankruptcy Code; its petition was submitted on March 2, 2016.

16 Operating over the past months as a debtor-in-possession, the Debtor has improved its
17 business and financial structure, and is current on its post-petition obligations. It has changed some
18 of its methods of doing business to avoid the need for purchasing so much inventory in advance for
19 later installation, obtained new customer contracts regarding the installation of solar power panels,
20 services and inspections, as well as new agreements for training operations and related educational
21 services. Within the bankruptcy case, counsel (Rosenstein & Associates) was retained, a meeting of
22 creditors held and concluded in accord with 11 U.S.C. § 341(a), and a bar date of July 5, 2016 set for
23 the filing of claims against the estate.

24 The Debtor now wishes to reorganize the balance of its affairs pursuant to the terms of this
25 Plan. Administrative claims will be paid in full, either by the Effective Date or on terms agreed with
26 each such creditor. Priority tax claims will be paid in full by March 2, 2021, the fifth anniversary of
27 the Petition Date, or by a date earlier than that. Subsequent to the Effective Date of the Plan, fixed
28 monthly payments will be made to secured creditors, along with supplemental monthly payments

1 equal to 50% of the Debtor's net cash flow (after provision for all operating expenses, including
2 ongoing tax liabilities and plan-based payment of priority and secured claims) from the previous
3 month. The supplemental payments will first be made to the senior secured creditor, and then to the
4 junior when the senior secured claim is fully satisfied. Fixed monthly payments to holders of
5 allowed unsecured claims will begin at a future date until those claims are satisfied in full, to be
6 followed in time by payments to certain insider creditors.

7
8 **II. THE COURT SHOULD APPROVE THIS MOTION AND SCHEDULE**

9 The Debtor is a small business debtor. According to relevant statutes and rules,¹ a small
10 business debtor must file a plan of reorganization within 300 days of its petition date (which would
11 run until December 27, 2016), and seek conditional approval of its disclosure statement with final
12 approval to be given concurrent with the confirmation of the plan, but it must also have the plan
13 confirmed within 45 days after filing. The Court has previously directed that the Debtor file its plan
14 and disclosure statement by July 22, 2016, which is being done concurrently with the filing of this
15 motion, and set a continued case status conference for August 30, 2016. The 45-day period would
16 therefore expire on September 5, but subsequent to August 30, the next date (according to the Court's
17 website) the Court has available for chapter 11 hearings in Riverside is September 13, after the
18 statutory window. The August 30, 2016 hearing date therefore is the best time for final approval of
19 the Disclosure Statement and confirmation of the Plan.

20 To reconcile the Court's calendar and required statutory obligations, in accord with Fed. R.
21 Bankr. P. 3017.1 and Local Bankruptcy Rule 3017-2, the Court should: (1) conditionally approve the
22 Debtor's Disclosure Statement for the reasons laid out below; (2) set August 30, 2016 at 1:30 p.m. as
23 a hearing to consider the final approval of the Disclosure Statement and confirmation of the Plan; and
24 (3) have the Debtor give notice of this hearing to all creditors and parties in interest, including that
25 any objections to either the Disclosure Statement or the Plan (and ballots on the Plan) are due by
26 August 15, 2016. The Debtor will serve and file notice within 24 hours of the final entry of an order
27 by the Court approving this schedule, or on the next business day if the day after entry is not a
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1 11 U.S.C. §§ 1121(e), 1125(f) and 1129(e); Fed. R. Bankr. P. 3017.1; and Local Bankruptcy Rule 3017-2.
MOTION FOR CONDITIONAL APPROVAL OF DISCLOSURE STATEMENT 4

1 business day, submit a ballot analysis by August 16, 2016, and file a confirmation brief (responding
2 to any objections) by August 23, 2016. While normally creditors would be entitled to 28 days notice
3 of the deadline to file objections to either a disclosure statement or plan of reorganization (as per Fed.
4 R. Bankr. P. 2002(b)), the Court has authority under Fed. R. Bankr. P 9006(c) to reasonably reduce
5 this period. If this motion is quickly approved, such that the Debtor can serve notice on Tuesday,
6 July 26, creditors will still have 20 days notice of the deadline, which complies with due process
7 obligations. Such a reduction is necessary for the Debtor to timely appear before the Court for plan
8 confirmation within the 45-day limit of 11 U.S.C. § 1129(e).

9
10 **III. THE COURT SHOULD CONDITIONALLY APPROVE THE DISCLOSURE**
11 **STATEMENT**

12 Section 1125(b) of the Bankruptcy Code (11 U.S.C. §§ 101 *et seq.*) provides that “[an
13 acceptance or rejection of a plan may not be solicited after the commencement of a case under this
14 title... unless, at the time of or before such solicitation, there is transmitted to such holder the plan or
15 a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the
16 court as containing adequate information.” Section 1125(a) defines “adequate information” as
17 “information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the
18 nature and history of the debtor and the condition of the debtor’s books and record, that would enable
19 a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to
20 make an informed judgment about the plan...” The legislative history indicates that the definition of
21 “adequate information” is intended to be flexible.

22 “Precisely what constitutes adequate information in any particular instance will
23 develop on a case-by-case basis. Courts will take a practical approach as to what is
24 necessary under the circumstances of each case, such as the cost of preparation of the
25 statements, the need for relative speed in solicitation and confirmation, and, of
26 course, the need for investor protection. There will be a balancing of interests in each
27 case. In reorganization cases, there is frequently great uncertainty. Therefore the
28 need for flexibility is greatest.”

H.R. Rep. No. 595, 95th Cong. 1st Sess (1978), U.S. Code Cong. & Admin. News 1978 pp. 5787,
6365. “The primary purpose of a disclosure statement is to give the creditors the information they

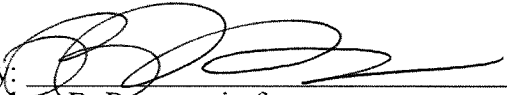
1 need to decide whether to accept the plan.” In re Diversified Investors Fund XVII, A California
2 Limited Partnership, 91 B.R. 559, 561 (Bankr. C.D. Cal. 1988)(quoting In re Monnier Bros., 755
3 F.2d 1336, 1342 (8th Cir. 1985)).

4 Many courts have followed the list of elements established in the case of In re Metrocraft
5 Publishing Services, Inc., 39 B.R. 567 (Bankr. N.D. Ga. 1984) for determining whether a disclosure
6 statement has adequate information. According to Metrocraft, a statement should cover: 1) the
7 events which led to the filing of the petition; 2) a description of the available assets and their value;
8 3) the anticipated future of the company; 4) the source of information cited in the statement; 5) a
9 disclaimer; 6) the present condition of the debtor in chapter 11; 7) the scheduled claims; 8) the
10 estimated return to creditors in a chapter 7 liquidation; 9) the accounting method utilized and the
11 names of the accountants (as relevant); 10) the future management of the debtor; 11) the chapter 11
12 plan or a summary thereof; 12) the estimated administrative expenses; 13) the collectability of
13 accounts receivable (as relevant); 14) financial information and projections relevant to the creditors’
14 decision to accept or reject the plan; 15) information relevant to the risks posed to creditors under the
15 plan; 16) actual or projected realizable value from the recovery of avoidable transfers (as relevant);
16 17) litigation likely to arise in a non-bankruptcy context; 18) tax attributes of the debtor; and 19) the
17 relationship of the debtor with affiliates. In re Metrocraft Publishing Services, Inc., 39 B.R. at 568.

18 Based on these authorities, the Debtor’s Disclosure Statement provides more than enough
19 information to creditors affected by the plan of reorganization. The Disclosure Statement covers
20 what the debtor is, what its business is, how it got into bankruptcy, and how it is going to operate
21 under the Plan and pay its debts in full. As such, the Court should approve the Disclosure Statement
22 and authorize its distribution to creditors, and set a hearing for the confirmation of the Chapter 11
23 Plan.

24 Dated: 7/22/16, 2016

Respectfully Submitted,
Ambassador Energy, Inc.,
Debtor-In-Possession

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27 By: 
Robert B. Rosenstein for
Rosenstein & Associates,
Attorneys for Ambassador Energy, Inc.
Debtor and Debtor-In-Possession

DECLARATION OF KELLY SMITH

I, Kelly Smith, declare as follows:

1. The facts set forth in this Declaration are personally known to me, and if called upon, I could and would testify to the truthfulness of the same.

2. I am the president and majority shareholder of Chapter 11 Debtor and Debtor-in-Possession Ambassador Energy, Inc. ("Debtor").

3. The Debtor is a California corporation. It was formed for the purpose of selling and installing solar energy systems and to provide training to potential installers. The Debtor's corporate office is located in Murrieta, California. It is under the management of Steve Fulgham, Chief Operating Officer, and myself. I own 56.83% of the Debtor's outstanding shares, and Steve Fulgham 17.89%; the remaining shares are held by eight (8) other individuals and couples.

4. Over the past year, due to the effect of delayed cash flows from third-party financing arrangements and slow payment on various jobs and projects, the Debtor fell behind in paying its various vendors and lenders. It attempted to work out a program with its creditors to avoid having to seek relief from this Court, and was moderately successful, but in the end it could not avoid filing for protection under Chapter 11 of the Bankruptcy Code. The Board of Directors and I authorized the filing of a petition, which was submitted on March 2, 2016.

5. Operating over the past months as a debtor-in-possession, under my management with the assistance of counsel, the Debtor has improved its business and financial structure and is current on its post-petition obligations. It has changed some of its methods of doing business to avoid the need for purchasing so much inventory in advance for later installation, obtained new customer contracts regarding the installation of solar power panels, services and inspections, as well as new agreements for training operations and related educational services. Within the bankruptcy case, counsel (Rosenstein & Associates) was formally retained, a meeting of creditors held and concluded in accord with 11 U.S.C. § 341(a), and a bar date of July 5, 2016 set for the filing of claims against the estate.

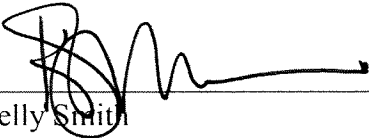
6. The Debtor now wishes to reorganize the balance of its affairs pursuant to the terms of this Plan. Administrative claims will be paid in full, either by the Effective Date or on terms agreed

1 with each such creditor. Priority tax claims will be paid in full by March 2, 2021, the fifth
2 anniversary of the Petition Date, or by a date earlier than that. Subsequent to the Effective Date of
3 the Plan, fixed monthly payments will be made to secured creditors, along with supplemental
4 monthly payments equal to 50% of the Debtor's net cash flow (after provision for all operating
5 expenses, including ongoing tax liabilities and plan-based payment of priority and secured claims)
6 from the previous month. The supplemental payments will first be made to the senior secured
7 creditor, and then to the junior when the senior secured claim is fully satisfied. Fixed monthly
8 payments to holders of allowed unsecured claims will begin at a future date until those claims are
9 satisfied in full, to be followed in time by payments to certain insider creditors.

10 7. Along with my fellow administrators and counsel, I have prepared the proposed
11 Disclosure Statement submitted to the Court to provide adequate information to creditors regarding
12 the proposed Chapter 11 Plan of Reorganization. I believe that it does in fact provide adequate
13 information for that purpose, and request that it be approved by the Court.

14 I declare under penalty of perjury under the laws of the State of California and the United
15 States of America that the foregoing is true and correct.

16 Executed this 22nd day of July, 2016, at Temecula, California.

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Kelly Smith

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6 Facsimile: (951) 296-3889
7 robert@thetemeculalawfirm.com

8 Attorney for Debtor and Debtor-in-Possession

9
10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **RIVERSIDE DIVISION**

13 In re AMBASSADOR ENERGY, INC.,
14 Debtor-in-Possession

Case No. 6:16-bk-11880SC

Chapter 11

DISCLOSURE STATEMENT
IN SUPPORT OF DEBTOR'S CHAPTER 11
PLAN OF REORGANIZATION

Date: August 30, 2016
Time: 1:30 p.m.
Courtroom 126
3420 Twelfth Street

Riverside, CA 92501

Confirmation Hearing
Date: August 30, 2016
Time: 1:30 p.m.
Courtroom 126
3420 Twelfth Street

Riverside, CA 92501

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1 **I. INTRODUCTION**

2 Ambassador Energy, Inc. is the debtor (the “Debtor” or “Proponent”) in a Chapter 11
3 bankruptcy case. On March 2, 2016, it commenced its bankruptcy case by filing a voluntary
4 chapter 11 petition under the United States Bankruptcy Code (“Code”), 11 U.S.C. §§ 101 *et seq.*
5 Chapter 11 allows debtors, and under some circumstances, creditors and others parties in interest, to
6 propose a plan of reorganization (a “Plan”). The Plan may provide for the debtor to reorganize by
7 continuing to operate, to liquidate by selling assets of the estate(s), or a combination of both. The
8 Debtor is the party proposing the Plan sent to you in the same envelope as this document. THE
9 DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE
10 ENCLOSED PLAN.

11 This is a reorganizing plan. In other words, the proponent seeks to accomplish payments
12 under the Plan by making payments to creditors over time. Provided that the Court enters an order
13 confirming the Plan (the “Confirmation Order”), the Effective Date of the proposed Plan will be
14 ninety (90) days after the entry of the Confirmation Order, unless the Debtor files a notice prior to
15 that declaring that the Effective Date has arrived.

16 **A. Purpose of This Document**

17 This Disclosure Statement summarizes what is in the Plan, and tells you certain information
18 relating to the Plan and the process the Court follows in determining whether or not to confirm the
19 Plan.

20 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO**
21 **KNOW ABOUT:**

- 22 (1) WHO CAN VOTE OR OBJECT,
- 23 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (*i.e.*, what your claim will
24 receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT
25 YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,
- 26 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING
27 THE BANKRUPTCY,
- 28

1 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER
2 OR NOT TO CONFIRM THE PLAN,

3 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND

4 (6) WHETHER THIS PLAN IS FEASIBLE.

5 This Disclosure Statement cannot tell you everything about your rights. You should
6 consider consulting your own lawyer to obtain more specific advice on how this Plan will affect
7 you and what is the best course of action for you.

8 Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies
9 between the Plan and the Disclosure Statement, the Plan provisions will govern.

10 The Code requires a Disclosure Statement to contain “adequate information” concerning the
11 Plan. The Bankruptcy Court (“Court”) has approved this document as an adequate Disclosure
12 Statement, containing enough information to enable parties affected by the Plan to make an
13 informed judgment about the Plan. Any party can now solicit votes for or against the Plan.

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

15 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS
16 DISCLOSURE STATEMENT IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT
17 YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN,
18 THEN THE PLAN WILL BE BINDING ON THE DEBTORS AND ON ALL CREDITORS AND
19 INTEREST HOLDERS IN THIS CASE.

20 **1. Time and Place of the Confirmation Hearing**

21 The hearing where the Court will determine whether or not to confirm the Plan will take
22 place on August 30, 2016 at 1:30 p.m., in Courtroom 126, in the Federal Courthouse located at
23 3420 Twelfth Street in Riverside, California.

24 **2. Deadline For Voting For or Against the Plan**

25 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and
26 return the ballot in the enclosed envelope to Robert B. Rosenstein at Rosenstein and Associates,
27 28600 Mercedes Street, Suite 100, Temecula, California 92590. Your ballot must be received by
28 August 15, 2016 or it will not be counted.

1 **3. Deadline For Objecting to the Confirmation of the Plan**

2 Objections to the confirmation of the Plan must be filed with the Court and served upon
3 Robert B. Rosenstein (counsel for the Debtor) and received by him by no later than August 15,
4 2016.

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

6 Any interested party desiring further information about the Plan should contact Robert B.
7 Rosenstein via the information listed in the upper left-hand corner of the first page of this
8 document.

9 **C. Disclaimer**

10 The financial data relied upon in formulating the Plan is provided by the Debtor, and is
11 based on the Debtor's own records and inquiries, as well as information provided by creditors with
12 regard to their own claims and relevant collateral and assets. The Debtor represents that everything
13 stated in the Disclosure Statement is true to its best knowledge. The Court has not yet determined
14 whether or not the Plan is confirmable and makes no recommendation as to whether or not you
15 should support or oppose the Plan.

16 **II. FACTUAL BACKGROUND**

17 **A. Pre-Bankruptcy Events**

18 The Debtor is a California corporation. It was formed for the purpose of selling and
19 installing solar energy systems and to provide training to potential installers. The Debtor's
20 corporate office is located in Murrieta, California. It is under the management of Kelly Smith,
21 President, and Steve Fulgham, Chief Operating Officer. Kelly Smith owns 56.83% of the Debtor's
22 outstanding shares, and Steve Fulgham 17.89%; the remaining shares are held by eight (8) other
23 individuals and couples.
24

25 Over the past year, due to the effect of delayed cash flows from third-party financing
26 arrangements and slow payment on various jobs and projects, the Debtor fell behind in paying its
27 various vendors and lenders. It attempted to work out a program with its creditors to avoid having
28

1 to seek relief from this Court, and was moderately successful, but in the end it could not avoid
2 filing for protection under Chapter 11 of the Bankruptcy Code; its petition was submitted on March
3 2, 2016.

4 **B. Significant Events During the Bankruptcy**

5 **1. Bankruptcy Proceedings**

6 Operating over the past months as a debtor-in-possession, the Debtor has improved its
7 business and financial structure, and is current on its post-petition obligations. It has changed some
8 of its methods of doing business to avoid the need for purchasing so much inventory in advance for
9 later installation, obtained new customer contracts regarding the installation of solar power panels,
10 services and inspections, as well as new agreements for training operations and related educational
11 services. Within the bankruptcy case, counsel (Rosenstein & Associates) was retained, a meeting
12 of creditors held and concluded in accord with 11 U.S.C. § 341(a), and a bar date of July 5, 2016
13 set for the filing of claims against the estate.
14

15
16 The Debtor now wishes to reorganize the balance of its affairs pursuant to the terms of this
17 Plan. Administrative claims will be paid in full, either by the Effective Date or on terms agreed
18 with each such creditor. Priority tax claims will be paid in full by March 2, 2021, the fifth
19 anniversary of the Petition Date, or by a date earlier than that. Subsequent to the Effective Date of
20 the Plan, fixed monthly payments will be made to secured creditors, along with supplemental
21 monthly payments equal to 50% of the Debtor's net cash flow (after provision for all operating
22 expenses, including ongoing tax liabilities and plan-based payment of priority and secured claims)
23 from the previous month. The supplemental payments will first be made to the senior secured
24 creditor, and then to the junior when the senior secured claim is fully satisfied. Fixed monthly
25 payments to holders of allowed unsecured claims will begin at a future date until those claims are
26 satisfied in full, to be followed in time by payments to certain insider creditors.
27
28

1 **III. SUMMARY OF THE PLAN OF REORGANIZATION**

2 As required by the Bankruptcy Code, the Plan classifies claims and interests in various
3 classes according to their right to priority. The Plan states whether each class of claims or interests
4 is impaired or unimpaired under the Plan, the treatment that each class will receive and whether
5 such class is entitled to vote on the Plan.

6 **A. Claims**

7 Under the Bankruptcy Code, administrative and priority claims are not placed into separate
8 classes; instead they are unclassified. They are not considered impaired and they do not vote on the
9 Plan because they are automatically entitled to specific treatment provided for them in the
10 Bankruptcy Code. As such, the Proponent has not placed the following claims in a class.

11 **1. Administrative Expenses**

12 These include the “actual, necessary costs and expenses of preserving the estate” as
13 determined by the Court after notice to creditors of a request for payment and after a hearing
14 thereon, and any other claims allowed under 11 U.S.C. § 503(b) and entitled to priority under 11
15 U.S.C. § 507(a)(2).
16

17 The Bankruptcy Code requires that allowed administrative expenses be paid on the Effective
18 Date unless the party holding the administrative expense agrees otherwise. No claimant has agreed
19 otherwise, except as specified herein. As of this date, the Debtor’s estate is subject to fees for the
20 current quarter due to the Office of the United States Trustee, and any sums ultimately due to
21 professionals retained by the Debtor with the permission of the Court in excess of any retainers paid
22 to such professionals; such sums are estimated to approximate \$40,000. In addition, under this
23 Plan, a payment of \$9,232.33 will be due to the Samaritan Revocable Family Trust dated 1/4/2006
24 (the “Samaritan Trust”) as part of the cure and assumption of the Debtor’s lease for its office and
25 warehouse space at 41120 Elm Street (#A, B and C) in Murrieta, California; the lease runs through
26 August 31, 2020.
27
28

1 After the entry of the confirmation order, all approved professionals will apply to the Court
2 for final approval of their respective fees, pursuant to 11 U.S.C. § 330. The Debtor shall pay all
3 Administrative Claims (excluding ordinary operating expenses which shall be paid in the ordinary
4 course of business) against the Debtor's estate on the later of: (i) the Effective Date; or (ii) the date
5 each Administrative Claim becomes due and payable, unless the creditor holding such claim agrees
6 to alternative treatment.
7

8 **2. Priority Claims**

9 These are claims which are entitled to priority of payment under 11 U.S.C. § 507(a). The
10 Bankruptcy Code requires that all such claims be satisfied in cash on the Effective Date (unless the
11 holders accept alternate treatment), with the exception of tax claims specified under 11 U.S.C. §
12 507(a)(8), which must receive cash payments in regular installments, equal in value to the allowed
13 amount of the claim on the Effective Date (plus ongoing interest in accord with 11 U.S.C. § 511),
14 ending no later than five years after the debtor/taxpayer's bankruptcy petition date. In this case,
15 priority tax claims are held by the Internal Revenue Service (\$81,665.93) and the California State
16 Board of Equalization (\$15,455.92). \$29,252.14 in employee priority wage claims are believed to
17 exist against the Debtor's estate, and they will be paid in full on the Effective Date.
18
19

20 The priority tax claims will be paid in full, with required interest, by March 2, 2021.
21
22 Installment payments will be made monthly after the Effective Date, to be divided amongst the
23 priority tax creditors. The monthly payments will be made in equal amounts sufficient to fully
24 satisfy the allowed priority tax claims by the March 2, 2021 deadline, and the Debtor will have the
25 right to pre-pay any such monthly payments, in whole or in part.
26

27 **3. Classified Claims**

28 The Plan also provides for the following six classes of claims and interests.

1 **Class 1 – MyBusinessLoan.com, LLC**

2 Class 1 consists of the secured claims of MyBusinessLoan.com, LLC, in the amount of
3 \$348,394.48 (less any post-petition payments that were applied to principal by
4 MyBusinessLoan.com, LLC). This claim will be satisfied in full through monthly installment
5 payments in the minimum amount of \$8,503 per month, due on the 25th day of each month or the
6 next business day if the 25th is not a business day. In addition, Debtor will make additional monthly
7 payments towards the principal balance, equal to fifty percent (50%) of its net cash flow for each
8 calendar month, to MyBusinessLoan.com, LLC, on the 25th day of the following month (or the next
9 business day thereafter if the 25th is not a business day). Notwithstanding such principal reduction
10 payments, the Debtor shall continue to pay at least \$8,503 per month (or the remaining balance of
11 the claim, whichever is less) to MyBusinessLoan.com, LLC until such time as its claim is satisfied
12 in full. Interest will continue to accrue on the unpaid balance at the annual rate of 8%, and the
13 Debtor will have the right to pre-pay any such payments, in whole or in part.
14 MyBusinessLoan.com, LLC shall maintain its senior lien on all of the Debtor's assets (to the extent
15 of the outstanding Class 1 claim) until the claim is satisfied in full with all interest that has come
16 due. All of the loan documents between the Debtor and MyBusinessLoan.com, LLC shall remain
17 in full force and effect with respect to the Debtor and the Reorganized Debtor, including without
18 limitation the Credit Line Master Agreement, all of the Terms and Conditions, the Continuing
19 Guaranty, Certified Copy of Resolutions and the UCC Financing Statement (collectively, the "Loan
20 Documents"). Further, MyBusinessLoan.com, LLLC shall have no further obligation to record a
21 new UCC Financing Statement for the Reorganized Debtor with the California Secretary of the
22 State. The Debtor and the Reorganized Debtor, and the Guarantor Kelly Smith, reaffirm their
23 obligations under the Loan Documents except as may be modified herein.
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1 In the event of a default of this treatment not cured within 10 days of notice,
2 MyBusinessLoan.com, LLC will be entitled to enforce its rights pursuant to the Loan Documents
3 without need of further court order, including the rights to enforce its security interest and charge
4 and collect default interest at the rate set forth in the Loan Documents, until the unpaid balance is
5 satisfied in full with interest and all other charges allowable under the Loan Documents. In order to
6 ensure timely payments are being made in accord with the provisions hereof, the Debtor shall
7 provide monthly financial statements, including a profit and loss and balance sheet, to
8 MyBusinessLoan.com, LLC no later than the 25th day of each calendar month (or the next business
9 day if the 25th is not a business day). The Debtor will provide copies of its monthly bank
10 statements, cancelled checks and wire transfer advices for the preceding month at the same time
11 that it provides the monthly financial statement.
12
13

14 Class 1 is impaired, and is entitled to vote on the Plan.
15

16 **Class 2 – Samaritan Revocable Family Trust dated 1/4/2006**

17 Class 2 consists of the pre-petition claims of the Samaritan Trust, the Debtor's landlord with
18 regard to the property located at 41120 Elm Street (#A, B and C) in Murrieta, California, in the
19 amount of \$9,232.33. On the Effective Date, the Debtor will assume this lease, and satisfy the
20 claim in full in cash with post-petition interest at the federal judgment rate set pursuant to 28 U.S.C.
21 § 1961.
22

23 Class 2 is not impaired, is not entitled to vote on the Plan, and is conclusively deemed to have
24 accepted the Plan.
25

26 **Class 3—Can Capital Asset Servicing**

27 Class 3 consists of the secured claims of Can Capital Asset Servicing, in the amount of
28 \$126,509.12 (less any positive amortization of this claim from post-petition payments). This claim

1 will be satisfied in full through monthly installment payments in the amount of \$2,109. In addition,
2 Debtor will make a supplemental payment on this obligation equal to fifty percent (50%) of its
3 monthly net cash flow to Can Capital Asset Servicing (after MyBusinessLoan.com's Class 1 claim
4 has been paid in full). Payments will be made on the 25th day of the end of the following month,
5 and are expected to commence on November 25th, 2017. Debtor will have the right to pre-pay any
6 such payments, in whole or in part. Can Capital Asset Servicing will retain its lien (to the extent of
7 the outstanding Class 3 claim) until the claim is satisfied. Can Capital Asset Servicing is not
8 entitled to any interest based upon their loan agreement and has signed a stipulation regarding the
9 obligation owed to Can Capital Asset Servicing.
10
11

12 Class 3 is impaired, and is entitled to vote on the Plan.

13 **Class 4 – General Unsecured Claims**

14 Class 4 consists of all claims against the Debtor which are not separately classified or
15 otherwise treated under this Plan. Known claims include:
16

17	IRS (general)	\$5,865.04
18	Am. Builders & Contractors Supply Co. Inc.	\$17,459.11
19	Conergy	\$5,316.86
20	Soligent	\$93,601.94 ¹
21	Prince Akpala	\$14,200
22	Swenson Solar of California	\$79,119.47 ²
23	Proinso	\$20,883.91 ³
24	AEE Solar	\$56,817.93
25	Affordable Solar	\$9,625.02
26	Civic Solar	\$29,835.21
27	Consolidated Elec. Dist.	\$153,569.88
28	Duayne Webster	\$19,423.00
	Krannich Solar West LLC	\$18,674.95
	NZ Publishing/Neighborhood Networks	\$360.00
	ReneSola	\$31,635.13
	SunPower Corp.	\$3,520.93

¹ Debtor will be objecting to any allowance in excess of \$89,975.

² Debtor will be objecting to this claim in its entirety.

³ Debtor will be objecting to any allowance of this claim in excess of \$17,962.

1	RPT Partners, LLC	\$35,336.24 ⁴
	Consolidated Recovery Group LLC	\$59,303.80 ⁵
2	OneSource Distributors, LLC	\$51,084.42 ⁶
	Scott & Carolyn Scharpen	\$182,206
3	(The following claims are those who may be owed commission or referral fees.)	
4	Janine Patrick	\$1,000
	Nancy Huang	\$1,300
5	Ryan Roy	\$1,266
	Gerald Pippin	\$1,000
6	Sean Johnson	\$1,000
	Dai Nghiem	\$1,500
7	Anthony Brown	\$500
8	Michael Honabach	\$1,063
	Church DeGuzman	\$500
9	Dale Nelson	\$500
10	Richard Mohr	\$500
	Donald Riese	\$500
11	Ronald Wheeler	\$500
	Peter Cheng	\$500
12	Rick Hildebrandt	\$500
	Jennifer Smith	\$500
13	Katie Colera	\$500
14		

15 In satisfaction of allowed Class 4 claims, installment payments will be made quarterly (on
16 March 31, June 30, September 30 and December 31 of each calendar year), commencing after
17 payment in full of the secured creditors in Classes 1 and 3. The payments will be in the amount of
18 \$30,000 per month and are expected to begin in March 2018, and will continue until all allowed
19 Class 4 claims are paid in full; the final payment may be in an amount less than \$30,000. Each
20 payment will be divided proportionally amongst the holders of such claims. Interest will be paid to
21 the Class 4 creditors at the rate of 4% per annum on account of unpaid balances.

23 Class 4 is impaired and is entitled to vote.

25 Note: The claims of OneSource Distributors, LLC are unsecured under this Plan, and any
26 related security interests and instruments (including recorded UCC-1 notices) deemed void, as such
27

28 ⁴ Debtor will be objecting to any allowance of this claim in excess of \$18,751.

⁵ Debtor will be objecting to this claim in its entirety as late-filed.

1 security interest are junior to the lien rights of MyBusinessLoan.com, LLC and Can Capital Asset
2 Servicing which encumber all of the Debtor's assets in full; no equity value remains to secure this
3 claim. The security interests are further avoidable as preferences pursuant to 11 U.S.C. § 547.
4

5 **Class 5 – Insider Unsecured Claims**

6 Class 5 consists of certain insider claims against the Debtor (as defined by 11 U.S.C. §
7 101(31)(B)). No distribution will be made on account of any such claims until all treatment due to
8 allowed administrative, priority, and Class 1-4 claims under this Plan are fully completed. At that
9 time, 50% of the Debtor's net cash flow (after provision for all operating expenses, including
10 ongoing tax liabilities) will be distributed quarterly, *pro rata*, to the holders of allowed Class 5
11 claims until such claims are paid in full.
12

13
14 Class 5 is impaired and is entitled to vote on the Plan.

15 **Class 6 – Interests In The Debtor**

16
17 Class 6 consists of the equity interests in the Debtor. These interests will be left unaffected
18 by this Plan. Class 6 is not impaired, is not entitled to vote on the Plan, and is conclusively deemed
19 to have accepted the Plan.
20

21 **4. Treatment of Disputed Claims**

22 All claims listed below are undisputed and will remain so unless an objection to claim is timely
23 made prior to the Effective Date, or where the Plan specifies that the allowance of such claim will
24 be determined through pending litigation. Any claim which is the subject of an objection to claim,
25 or which is the subject of pending litigation in another forum, will be "disputed" until such
26 objection and/or litigation is resolved. After the Effective Date, when payment on account of a
27 disputed claim would come due under the Plan, the Debtor will deposit into a segregated account
28

⁶ Debtor will be objecting to any allowance of this claim in excess of \$41,084.42.

1 (the "Reserve Account") an amount of cash equal to the distribution which would otherwise then be
2 due on account of that claim. The cash in the Reserve Account, along with all interest thereon, will
3 be held in trust for the benefit of creditors, to satisfy disputed claims once allowed. The Debtor will
4 have the power and authority to settle and compromise a disputed claim with court approval and
5 compliance with Fed. R. Bankr. P. 9019, unless the amount allowed by the compromise does not
6 exceed \$5,000, in which case no court approval is necessary.

7 When a disputed claim becomes allowed, the Debtor will distribute to the holder thereof an
8 amount equal to the payments which would have been made on account of said claim prior to that
9 date absent its disputed status, plus accrued interest thereon. If a surplus arises from the fact that
10 not all claims are allowed, then that money shall be available to guarantee payment of other claims.
11 No claimant or interest holder is an affiliate of the Debtor, other than as stated herein.

12
13 **B. Means of Effectuating the Plan**

14 The funds for implementation of the Plan shall come from the funds held by the estate as of
15 the entry of the Confirmation Order and the ongoing operating profits of the Debtor's business
16 operations, the installation and inspection of solar power panels, and related training operations and
17 educational services.

18
19 **C. Post-Confirmation Management**

20 The Debtor will manage its own affairs under this Plan, through its president, Kelly Smith.
21 He will not receive any compensation for such services called for under this Plan, other than
22 compensation normally due to him for his non-bankruptcy duties.⁷

23
24 All causes of action (and related legal, equitable and contractual rights and benefits) possessed
25 by the estate, whether the subject of pending litigation or not, including avoidance actions created
26 pursuant to bankruptcy law, are re-vested in the Debtor upon confirmation, and may be prosecuted
27 and/or settled by it at the Debtor's discretion.
28

1
2 **IV. POST-CONFIRMATION JURISDICTION**

3
4 The Bankruptcy Court shall retain jurisdiction for all matters relating to the Plan, the Debtor
5 and the assets administered under this Plan to the maximum extent permitted by the Bankruptcy
6 Code and Title 28 of the United States Code.

7
8 **V. RISK FACTORS**

9
10 The proposed Plan has the following risks: If the Debtor's business stopped being
11 profitable in the future, it would have increased difficulties in satisfying creditor claims, except to
12 the extent that such claims are and would be secured by adequate collateral. All claimants who
13 have consented to specific treatment incorporated into this Plan have been advised of this risk prior
14 to their agreement.

15
16 **VI. TAX CONSEQUENCES OF PLAN**

17 CREDITORS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX
18 LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS,
19 AND/OR ADVISORS. The Debtor believes that it such sufficient net operating losses and other
20 tax attributes that it will not have to pay income taxes through 2018.

21
22 **VII. CONFIRMATION REQUIREMENTS AND PROCEDURES**

23 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS PLAN
24 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
25 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following
26 discussion is intended solely for the purpose of alerting readers about basic confirmation issues,
27 which they may wish to consider, as well as certain deadlines for filing claims. The Debtors
28

⁷ Annual compensation of \$97,500, with related compensated expenses of \$6,497.

1 CANNOT and DO NOT represent that the discussion contained below is a complete summary of
2 the law on this topic.

3 Many requirements must be met before the Court can confirm a Plan. Some of the
4 requirements include that the Plan must be proposed in good faith, acceptance of the Plan by a
5 sufficient number of creditors, whether the Plan pays creditors at least as much as creditors would
6 receive in a Chapter 7 liquidation, and whether the Plan is feasible. These requirements are not the
7 only requirements for confirmation.

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

9 **1. Who May Object to Confirmation of the Plan**

10 Any party in interest may object to the confirmation of the Plan, but as explained below not
11 everyone is entitled to vote to accept or reject the Plan.

12 **2. Who May Vote to Accept/Reject the Plan**

13 A creditor or interest holder has a right to vote for or against the Plan if that creditor or
14 interest holder has a claim which is both (1) allowed or allowed for voting purposes and (2)
15 classified in an impaired class.

16 **a. What Is an Allowed Claim/Interest**

17 As noted above, a creditor or interest holder must first have an allowed claim or interest to
18 have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in
19 interest brings a motion objecting to the claim. When an objection to a claim or interest is filed, the
20 creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice and
21 hearing, either overrules the objection or allows the claim or interest for voting purposes.

22 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THE DEBTOR'S CASE IS
23 JULY 5, 2016.

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1 **b. What Is an Impaired Claim/Interest**

2 Any party in interest may object to the confirmation of the Plan, but only the holder of an
3 allowed claim or interest has the right to vote if it is in a class that is impaired under the Plan. A
4 class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that
5 class.

6 In this case, the Debtor believes that classes 1, 3, 4 and 5 are impaired, and therefore are
7 entitled to vote to accept or reject the Plan. Parties who dispute the characterization of their claim
8 or interest as being impaired or unimpaired may file an objection to the Plan contending that the
9 Plan has incorrectly characterized the class.

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

11 The following four types of claims are not entitled to vote: (1) claims that have been
12 disallowed; (2) disputed claims, unless an order has been entered allowing such disputed claim to
13 vote; (3) claims in unimpaired classes; (4) claims entitled to priority pursuant to §507 of the
14 Bankruptcy Code; and (5) claims in classes that do not receive or retain any value under the Plan.
15 Claims in unimpaired classes are not entitled to vote because such classes are deemed to have
16 accepted the Plan. Claims in classes that do not receive or retain any value under the Plan do not
17 vote because such classes are deemed to have rejected the Plan. **EVEN IF YOUR CLAIM IS OF
18 THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE
19 CONFIRMATION OF THE PLAN.**

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

21 A creditor whose claim has been allowed in part as a secured claim and in part as an
22 unsecured claim is entitled to accept or reject a Plan in both capacities by casting one ballot for the
23 secured part of the claim and another ballot for the unsecured claim, unless such creditor elects to
24 have its entire claim treated as secured under § 1111(b) of the Bankruptcy Code.

25 **5. Votes Necessary to Confirm the Plan**

26 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired
27 class has accepted the Plan without counting the votes of any insiders within that class, and (2) all
28

1 impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by
2 “cramdown” on non-accepting classes, as discussed later.

3 **6. Votes Necessary for a Class to Accept the Plan**

4 A class of claims is considered to have accepted the Plan when more than one-half (1/2) in
5 number and at least two-thirds (2/3) in dollar amount of the claims which actually voted, voted in
6 favor of the Plan. A class of interests is considered to have accepted the Plan when at least two-
7 thirds (2/3) in amount of the interest-holders of such class which actually voted, voted to accept the
8 Plan.

9 **7. Treatment of Nonaccepting Classes**

10 As noted above, even if all impaired classes do not accept the proposed Plan, the Court may
11 nonetheless confirm the Plan if the nonaccepting classes are treated in the manner required by the
12 Code. The process by which nonaccepting classes are forced to be bound by the terms of the Plan
13 is commonly referred to as “cramdown.” The Code allows the Plan to be “crammed down” on
14 nonaccepting classes of claims or interests if it meets all consensual requirements except the voting
15 requirements of 1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and
16 equitable” toward each impaired class that has not voted to accept the Plan as referred to in 11
17 U.S.C. § 1129(b) and applicable case law.

18 **8. Request for Confirmation Despite Non-Acceptance By Impaired Class(es)**

19 The Proponent will ask the Court to confirm this Plan by cramdown on impaired classes 1,
20 3, 4 and/or 5 if any of these classes do not vote to accept the Plan.

21 **B. Liquidation Analysis**

22 Another confirmation requirement is the “Best Interest Test,” which requires a liquidation
23 analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and
24 that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder
25 must receive or retain under the Plan property of a value not less than the amount that such holder
26 would receive or retain if the debtor(s) were liquidated under Chapter 7 of the Bankruptcy Code.

27 In a Chapter 7 case, a debtor’s assets are usually sold by a Chapter 7 trustee. Secured
28 creditors are paid first from the sales proceeds of properties on which the secured creditor has a

1 lien; administrative claims are paid next. Next, unsecured creditors are paid from any remaining
2 sales proceeds, according to their rights to priority. Unsecured creditors with the same priority
3 share in proportion to the amount of their allowed claim in relationship to the amount of total
4 allowed unsecured claims. Finally, interest holders receive the balance that remains after all
5 creditors are paid, if any.

6 For the Court to be able to confirm this Plan, the Court must find that all creditors and
7 interest holders who do not accept the Plan will receive at least as much under the Plan as such
8 holders would receive under a Chapter 7 liquidation. The Debtor maintains that this requirement is
9 met here. Set forth in the chart below (next page) is an illustration of how much each class of
10 claims would receive in a Chapter 7 liquidation of the Property and how much they will receive
11 under the Plan.

12
13 **Liquidation Analysis**

Type Of Claim	Aggregate Amount Of Claims	Percentage Distribution On Claim In Event Of Chapter 7 Liquidation	Percentage Distribution On Claim Under Plan
Administrative Claims	\$49,332(estimated through confirmation)	0%	100%
Priority Claims	122,364.00	0%	100%
Class 1	\$348,394.48	43%*	100%
Class 2	\$9,232.33	0%	100%
Class 3	\$126,509.12	0%	100%
Class 4	\$901,267	0%	100%
Class 5	\$313,701.82	0%	100%
Class 6	100% of equity	0%	100%

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27 *Predicated upon a collateralized asset value of \$150,000 on the Effective Date.

28 This table presumes that the estate in Chapter 7 would have little or no significant amounts

1 of cash left over after increased administrative expenses and lost asset value due to “fire sale”
2 prices, especially light of the lien of MyBusinessLoan.com, LLC on all corporate assets. In
3 summary, in a putative chapter 7 liquidation, unsecured creditors would receive nothing on account
4 of their claims. Under the Plan, however, these claims will be paid in significant amounts. The
5 Plan thus satisfies the “best interests” test for all classes of creditors.
6

7 **C. Feasibility**

8 Another requirement for confirmation involves the feasibility of the Plan, which means that
9 confirmation of the Plan is not likely to be followed by the liquidation, or the need for further
10 financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such
11 liquidation or reorganization is proposed in the Plan.
12

13 There are at least two important aspects of a feasibility analysis. The first aspect considers
14 whether the Debtor will have enough cash on hand on the Effective Date to pay all the claims and
15 expenses which are entitled to be paid on such date. Second, a feasibility analysis considers
16 whether the Debtor will have enough cash over the life of the Plan to make the required payments.
17

18 Attached hereto is the Declaration of Kelly Smith, with appended financial reports showing
19 the past history and projected future course of the Debtor’s business operations. This evidence
20 illustrates that the Debtor operates a profitable business, and there are no known business reasons
21 why this should change in the future. While any business is subject to unknown risks, these do not
22 rise to the level of challenging the Plan’s feasibility.
23

24
25 **VIII. EFFECT OF CONFIRMATION OF PLAN**

26 **A. Discharge**

27 Under the Plan, the Debtor shall be discharged of liability for payment of debts incurred
28 before confirmation of the Plan, to the greatest extent possible as specified in 11 U.S.C. § 1141,

1 unless such liabilities are specified for treatment under the Plan, and then only to the extent of the
2 treatment hereunder. Discharge will be entered with regard to each claim upon the substantial
3 consummation of the Plan.

4 To the extent that the Debtor does not currently have *in personam* liability for a claim, the
5 Plan does not create any such liability.

6 **B. Modification of the Plan**

7 The Debtor may modify the Plan at any time prior to confirmation. The Debtor may modify
8 the Plan at any time after confirmation and before substantial consummation, but only if
9 circumstances warrant and after notice and a hearing. Once the Plan has been substantially
10 consummated, the Debtor may move the Court for entry of a final decree pursuant to 11 U.S.C. §
11 350 and Fed. R. Bankr. P. 3022, the effect of which would be to close this bankruptcy case. After
12 such closure, a party seeking any type of relief relating to a Plan provision may seek such relief in
13 any court of competent jurisdiction.

14 **C. Post-Confirmation Status Report**

15 The confirmation of the Plan vests all property of the Debtor's estate in the Debtor unless
16 otherwise distributed. Within one hundred and twenty (120) days after the entry of the
17 confirmation order, the Debtor will file a status report explaining what progress has been made
18 towards consummation of the Plan. The report will be served on the United States Trustee, as well
19 as all creditors of the Debtor's estate whose allowed claims have not been satisfied as provided for
20 herein, and any party requesting special notice. Further reports will be filed every 120 days
21 thereafter and served on the same categories of extant parties, unless otherwise ordered by the
22 Court. These reports will include information on the claims satisfied under the Plan and those
23 remaining to be satisfied, a schedule of any and all post-confirmation tax liabilities that have
24 accrued or come due and a detailed explanation of payments thereon, the Debtor's projections as to
25 its continuing ability to comply with the terms of the Plan, and an estimate of the dates for plan
26 consummation and an application for final decree.

27 A monthly financial statement will be provided to Class 1 and Class 3 creditors after the
28 Effective Date; unsecured creditors may have one on written request.

1 **D. Quarterly Fees**

2 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall be paid
3 to the UST on or before the effective date of the Plan. Quarterly fees accruing under 28 U.S.C. §
4 1930(a)(6) after confirmation shall be paid to the UST in accordance with 28 U.S.C. § 1930(a)(6)
5 until entry of a final decree, or entry of an order of dismissal or conversion to chapter 7.


6 **E. Post-Confirmation Conversion/Dismissal**

7 A creditor or party in interest may bring a motion to convert or dismiss the case under 11
8 U.S.C. § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the
9 Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had
10 been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will
11 revert in the Chapter 7 estate.

12 The order confirming the Plan may also be revoked under very limited circumstances. The
13 Court may revoke the order if the order of confirmation was procured by fraud and if the party in
14 interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of
15 the order of confirmation.

16
17 Date: 7/22, 2016

ROSENSTEIN & ASSOCIATES

18
19 By: 
20 Robert B. Rosenstein, for
21 Rosenstein & Associates
22 Attorneys for Debtor-in-Possession
23
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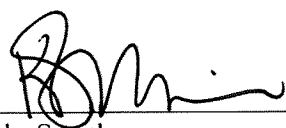
DECLARATION OF KELLY SMITH

I, Kelly Smith, declare as follows:

1. I am the president and majority shareholder of Ambassador Energy, a California corporation, the Chapter 11 debtor in this case (“Debtor”). I make this declaration based upon my personal knowledge, and if called upon to testify, could and would competently testify truthfully thereto.
2. I have been managing the Debtor since its inception, and am very familiar with its history, operations and future performance. The Debtor’s business has been reorganized, both before and after the filing of its chapter 11 petition, to operate on a more profitable basis. It has changed some of its methods of doing business to avoid the need for purchasing so much inventory in advance for later installation, obtained new customer contracts regarding the installation of solar power panels, services and inspections, as well as new agreements for training operations and related educational services.
3. With the aid of the reorganization steps taken to date in this chapter 11 case and those in the proposed plan of reorganization, I intend to see that success continue and grow in the future, without the problems that led to the filing of the bankruptcy petition. Other than as clarified in this Disclosure Statement, and presuming that the proposed chapter 11 plan is confirmed, I am not aware of any major financial or other business conditions that would threaten the continued profitability of the business.
4. Attached hereto is a projection of the financial performance of the Debtor, over this calendar year and beyond, showing that we will be able to make the payments required to all of our creditors.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on July 22, 2016 at Temecula, California.



Kelly Smith

AMBASSADOR ENERGY ONE YEAR CASH FLOW BUDGET	Date:											
	JULY	AUGUST	SEPT	OCT	NOV	DEC	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY-17	JUN-17
Beginning Cash	27,345	7,727	40,631	81,040	60,602	39,295	29,860	20,927	19,727	45,619	59,486	78,727
Sales Income Generation	229,022	253,898	267,500	258,000	237,500	230,000	215,000	228,500	243,000	243,500	240,500	250,008
Net Income	229,022	253,898	267,500	258,000	237,500	230,000	215,000	228,500	243,000	243,500	240,500	250,008
Sales Income Generation Expenses	100,770	111,715	117,700	113,520	104,500	101,200	94,600	100,540	106,920	107,140	101,010	115,004
Materials Purchased	150	150	150	500	250	250	250	1,500	1,500	150	312	2,500
Small Tools	2,800	2,800	2,800	2,800	1,900	1,840	1,720	1,920	1,944	1,948	1,924	2,600
Permits	103,720	114,665	120,650	137,498	126,363	122,380	114,415	122,834	109,364	109,238	103,247	120,104
Total Income Generation - Exp.	125,302	139,233	148,850	120,502	111,138	107,820	100,585	105,867	133,636	134,262	137,253	129,904
Gross Profit	3,500	4,500	4,500	3,500	2,500	1,500	1,200	1,000	1,500	2,500	1,200	2,000
Expense	3,000	3,000	3,000	2,500	2,500	2,000	2,000	2,000	2,500	2,500	2,500	2,500
Advertising	800	800	800	800	800	800	800	800	800	800	800	800
Automobile Expense Combined	800	800	800	800	800	800	800	800	800	800	800	800
Gasoline	800	800	800	800	800	800	800	800	800	800	800	800
Maintenance	800	800	800	800	800	800	800	800	800	800	800	800
Bank Fees	481	533	562	542	499	483	452	480	510	511	516	525
Credit Card Fees	1,031	1,143	1,204	1,161	1,069	1,035	968	1,028	1,094	1,096	1,082	1,125
Payroll Service	135	135	135	135	135	135	135	135	135	135	135	135
Dues and Subscriptions	1,408	178	187	181	166	608	151	160	170	170	1,279	175
Secured Creditors Repayment												
Entertainment	250	250	250	250	250	250	250	250	250	250	250	250
Meals	1,219	1,219	1,219	1,219	1,971	1,908	1,785	1,897	1,219	1,219	1,219	1,219
Liability Insurance	938	938	938	938	736	713	667	708	938	938	938	938
Auto Insurance	229	254	268	258	238	230	215	229	243	244	246	250
Building Insurance	710	787	829	800	736	713	667	708	753	755	762	775
Other Insurance	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239	3,239
Workers Compensation												
Bank Payments	350	350	350	350	350	350	350	350	350	350	350	350
Wire, ACH, Misc. Fees												
Lease Expenses	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084	1,084
Automobile Reimburse (2)	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682	1,682
Cell and Office phones	3,000	3,000	3,000	3,000	3,000	2,700	2,700	2,700	2,500	3,000	1,586	3,000
Engineering for Permits												
Office Expenses	200	200	200	200	200	200	200	200	200	200	200	200
Repairs	100	100	100	100	100	100	100	100	100	100	100	100
Printer Maintenance Other												
Office Supplies	200	200	200	200	200	200	200	200	200	200	200	200
Supplies Office												
Payroll Office/Administrators	32,500	32,500	32,500	29,500	28,218	25,120	25,120	25,120	28,218	28,218	25,150	28,500
Payroll Salespeople & Comm	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Officer Salary	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Legal & Accounting Fees	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Rent Paid	7,908	7,908	7,908	7,908	7,908	7,908	7,908	7,908	7,908	7,908	7,908	7,908
Payroll Taxes	11,504	11,504	11,504	11,504	11,504	11,504	11,504	11,504	11,504	11,504	11,504	11,504
Rent Received	-3,395	-3,395	-3,395	-3,395	-3,395	-3,395	-3,395	-3,395	-3,395	-3,395	-4,390	-3,395
Travel	500	500	500	500	1,235	1,196	1,118	1,188	500	500	500	500
Utilities	1,150	900	858	858	879	851	796	845	858	950	1,200	1,300
Electric	208	208	208	208	208	208	208	208	208	208	208	208
Trash												
Total Expenses	95,931	95,716	95,830	91,221	91,532	86,795	83,977	85,791	87,268	86,974	77,657	86,072
Cash Flow from Operations	29,372	43,516	51,021	29,281	19,606	20,825	16,609	19,876	46,368	47,288	59,596	43,832
Payment of Trustee Fees	4,875			4,875								
Payment of Professionals	25,000			25,000								
Total Available Cash	26,842	51,243	91,652	80,446	80,207	60,120	46,469	40,802	66,095	92,907	119,082	122,559
Plan Payments												
Debitcard Secured Creditor	17,006	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503	8,503
CanCap Secured Creditor	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109	2,109
Additional Payment to Debitcard												
Landlord												
Net Expected Cash before other Payments	7,727	40,631	81,040	60,602	38,295	29,860	20,927	19,727	45,619	59,486	78,727	72,584

AMBASSADOR ENERGY 4 YEAR CASH FLOW PROJECTION

4 Year Projected Cash Flows

	2017
Net Income	3,243,999
Income Generation Expense	1,464,342
Gross Profit	1,779,657
Operational Expense	1,192,534
Cash Flow From Operations	587,123

	2018
Net Income	3,730,599
Income Generation Expense	1,683,994
Gross Profit	2,046,606
Operational Expense	1,371,414
Cash Flow From Operations	675,191

	2019
Net Income	4,290,189
Income Generation Expense	1,936,593
Gross Profit	2,353,596
Operational Expense	1,577,126
Cash Flow From Operations	776,470

	2020
Net Income	4,933,718
Income Generation Expense	2,227,082
Gross Profit	2,706,636
Operational Expense	1,813,695
Cash Flow From Operations	892,941

	Estimated payments to DealStruck			
	Principal	Interest	Payment	New Balance
Jul-16	348394	2323	17,006	333711
Aug-16	333711	2225	8,503	327432
Sep-16	327432	2183	8,503	321112
Oct-16	321112	2141	8,503	314750
Nov-16	314750	2098	8,503	308345
Dec-16	308345	2056	38,804	271597
Jan-17	271597	1811	13,650	259758
Feb-17	259758	1732	16,183	245306
Mar-17	245306	1635	15,341	231600
Apr-17	231600	1544	16,554	216590
May-17	216590	1444	30,406	187628
Jun-17	187628	1251	37,793	151086
Jul-17	151086	1007	47,640	104453
Aug-17	104453	696	28,503	76646
Sep-17	76646	511	28,503	48654
Oct-17	48654	324	38,138	10841
Nov-17	10841	72	10,913	0
	Estimated Payments to CanCapital			
Jul-16	126509	0	2,109	124,400
Aug-16	124,400	0	2,109	122,291
Sep-16	122,291	0	2,109	120,182
Oct-16	120,182	0	2,109	118,073
Nov-16	118,073	0	2,109	115,964
Dec-16	115,964	0	2,109	113,855
Jan-17	113,855	0	2,109	111,746
Feb-17	111,746	0	2,109	109,637
Mar-17	109,637	0	2,109	107,528
Apr-17	107,528	0	2,109	105,419
May-17	105,419	0	2,109	103,310
Jun-17	103,310	0	2,109	101,201
Jul-17	101,201	0	2,109	99,092
Aug-17	99,092	0	2,109	96,983
Sep-17	96,983	0	2,109	94,874
Oct-17	94,874	0	2,109	92,765
Nov-17	92,765	0	11,196	81,569
Dec-17	81,569	0	26,109	55,460
Jan-18	55,460	0	26,109	29,351
Feb-18	29,351	0	29,351	0

Estimated Payments to Unsecured Creditors				
Mar-18	972761	3243	30000	946004
Apr-18	946004	3153	30000	919157
May-18	919157	3064	30000	892221
Jun-18	892221	2974	30000	865195
Jul-18	865195	2884	30000	838079
Aug-18	838079	2794	30000	810872
Sep-18	810872	2703	30000	783575
Oct-18	783575	2612	30000	756187
Nov-18	756187	2521	30000	728708
Dec-18	728708	2429	30000	701137
Jan-19	701137	2337	30000	673474
Feb-19	673474	2245	30000	645719
Mar-19	645719	2152	30000	617871
Apr-19	617871	2060	30000	589931
May-19	589931	1966	30000	561897
Jun-19	561897	1873	30000	533770
Jul-19	533770	1779	30000	505550
Aug-19	505550	1685	30000	477235
Sep-19	477235	1591	30000	448825
Oct-19	448825	1496	30000	420322
Nov-19	420322	1401	30000	391723
Dec-19	391723	1306	30000	363028
Jan-20	363028	1210	30000	334238
Feb-20	334238	1114	30000	305353
Mar-20	305353	1018	30000	276370
Apr-20	276370	921	30000	247292
May-20	247292	824	30000	218116
Jun-20	218116	727	30000	188843
Jul-20	188843	629	30000	159473
Aug-20	159473	532	30000	130004
Sep-20	130004	433	30000	100437
Oct-20	100437	335	30000	70772
Nov-20	70772	236	30000	41008
Dec-20	41008	137	30000	11145
Jan-21	11145	37	11182	0