

1 William P. Fennell (SBN 164210)
Of Counsel: Melissa A. Blackburn Joniaux (SBN 105470)
2 Of Counsel: Charles F. Bethel (SBN 126036)
LAW OFFICE OF WILLIAM P. FENNELL, APLC
3 401 West A Street, Suite 1800
San Diego, CA 92101
4 Tel: (619) 325-1560
Fax: (619) 325-1558

5
6 Attorneys for Keeney Truck Lines, Inc.,
Debtor-in-Possession

7
8
9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

11 In re:) Case No. 2:16-bk-26393-SK
12 KEENEY TRUCK LINES, INC.) Chapter 11
13 Debtor.) **DISCLOSURE STATEMENT AND**
14) **PLAN OF REORGANIZATION FILED**
15) **BY DEBTOR IN POSSESSION,**
16) **KEENEY TRUCK LINES, INC.**
17)
18) Date: October 19, 2017
19) Time: 8:30 a.m.
20) Courtroom: 1575
21) Place: 255 East Temple Street
22) Los Angeles, CA 90012
23)
24) The Honorable Sandra R. Klein
25)
26)
27)
28)

20 ///
21 ///
22 ///
23 ///
24 ///
25 ///
26 ///
27 ///
28 ///

TABLE OF CONTENTS

1

2 **TABLE OF CONTENTS 1**

3 **I. INTRODUCTION 2**

4 **II. GENERAL DISCLAIMER AND VOTING PROCEDURE 2**

5 **III. WHO MAY OBJECT TO CONFIRMATION OF THE PLAN 3**

6 **IV. WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN 3**

7 **V. VOTES NECESSARY TO CONFIRM THE PLAN 5**

8 **VI. INFORMATION REGARDING VOTING IN THIS CASE 5**

9 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS**

10 **AND EVENTS PRECIPITATING BANKRUPTCY FILING 6**

11 **VIII. CRITICAL PLAN PROVISIONS 8**

12 **IX. DESCRIPTION AND TREATMENT OF CLAIMS 10**

13 **X. SOURCE OF MONEY TO PAY CLAIMS AND**

14 **INTEREST-HOLDERS 16**

15 **XI. FINANCIAL RECORDS TO ASSIST IN DETERMINING**

16 **WHETHER PROPOSED PAYMENT IS FEASIBLE 17**

17 **XII. ASSETS AND LIABILITIES OF THE ESTATE 17**

18 **XIII. TREATMENT OF NONCONSENTING CLASSES 18**

19 **XIV. TREATMENT OF NONCONSENTING MEMBERS OF**

20 **CONSENTING CLASS (CHAPTER 7 LIQUIDATION ANALYSIS) 18**

21 **XV. FUTURE DEBTOR 19**

22 **XVI. SALE OR TRANSFER OF PROPERTY; ASSUMPTION OF**

23 **CONTRACTS AND LEASES; OTHER PROVISIONS 19**

24 **XVII. BANKRUPTCY PROCEEDINGS 20**

25 **XVIII. TAX CONSEQUENCES OF PLAN 21**

26 **XIX. EFFECT OF CONFIRMATION OF PLAN 21**

27 **XX. DECLARATION IN SUPPORT OF DISCLOSURE STATEMENT**

28 **AND PLAN 22**

1 **I. INTRODUCTION**

2 On December 14, 2016, Keeney Truck Lines, Inc. (“Keeney” or “Debtor”) filed a
3 bankruptcy petition under Chapter 11 of the Bankruptcy Code (Code). The document you
4 are reading is both the Plan of Reorganization (Plan) and the Disclosure Statement (DS).
5 Debtor has proposed the Plan to treat the claims of the Debtor's creditors and, if
6 applicable, the interests of shareholders or partners. A DS describes the assumptions that
7 underlie the Plan and how the Plan will be executed. The Bankruptcy Court (Court) has
8 approved the form of this document as an adequate DS, containing enough information to
9 enable parties affected by the Plan to make an informed judgment about the Plan. The
10 Court has not yet confirmed the Plan, which means the terms of the Plan are not now
11 binding on anyone. The Proponent has reserved October 19, 2017 at 8:30 a.m. in
12 Courtroom 1575, at 255 E. Temple Street, Los Angeles, CA 90012 for a hearing to
13 determine whether the Court will confirm the Plan. Any interested party desiring further
14 information should contact counsel for the Debtor:

15 William P. Fennell (SBN 164210)
16 Of Counsel: Melissa A. Blackburn Joniaux (SBN 105470)
17 Of Counsel: Charles F. Bethel (SBN 126036)
18 LAW OFFICE OF WILLIAM P. FENNELL, APLC
19 401 West A Street, Suite 1800
20 San Diego, CA 92101
21 Tel: (619) 325-1560
22 Fax: (619) 325-1558
23 william.fennell@fennelllaw.com

24 **II. GENERAL DISCLAIMER AND VOTING PROCEDURE**

25 PLEASE READ THIS DOCUMENT, INCLUDING THE ATTACHED
26 EXHIBITS, CAREFULLY. IT EXPLAINS WHO MAY OBJECT TO
27 CONFIRMATION OF THE PLAN. IT EXPLAINS WHO IS ENTITLED TO
28 VOTE TO ACCEPT OR REJECT THE PLAN. IT ALSO TELLS ALL
CREDITORS AND ANY SHAREHOLDERS OR PARTNERS WHAT
TREATMENT THEY CAN EXPECT TO RECEIVE UNDER THE PLAN,
SHOULD THE PLAN BE CONFIRMED BY THE COURT.

1 THE SOURCES OF FINANCIAL DATA RELIED UPON IN FORMULATING
2 THIS DOCUMENT ARE SET FORTH IN THE DECLARATION IN SECTION
3 XX BELOW. ALL REPRESENTATIONS ARE TRUE AND CORRECT TO
4 THE PROPONENT'S KNOWLEDGE.

5
6 NO REPRESENTATIONS CONCERNING THE DEBTOR THAT ARE
7 INCONSISTENT WITH ANYTHING CONTAINED HEREIN ARE
8 AUTHORIZED EXCEPT TO THE EXTENT, IF AT ALL, THAT THE COURT
9 ORDERS OTHERWISE.

10 After carefully reviewing this document and the attached exhibits, please vote on
11 the enclosed ballot and return it in the enclosed envelope. The Proponent has reserved a
12 hearing date for a hearing to determine whether the Court will confirm the Plan. Please
13 refer to Section I above for the specific hearing date.

14 If, after receiving the ballots, it appears that the Proponent has the requisite
15 number of votes required by the Code, the Proponent will file a Motion for an Order
16 Confirming the Plan.

17 The Motion shall at least be served on all impaired creditors and partners or
18 shareholders who reject the Plan and on the Office of the United States Trustee. Any
19 Opposition to the Motion shall be filed and served on the Proponent (at the address in
20 Section I above) no later than fourteen days prior to the hearing date. Failure to oppose
21 the confirmation of the Plan may be deemed consent to the Plan's confirmation.

22 **III. WHO MAY OBJECT TO CONFIRMATION OF THE PLAN**

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

25 **IV. WHO MAY VOTE TO ACCEPT OR REJECT THE PLAN**

26 A party can vote to accept or reject the Plan only if the party has an allowed and
27 impaired claim or interest. A claim is defined by the Code to include a right to payment
28 from the Debtor. An interest represents an ownership stake in the Debtor.

1 In order to vote a creditor or interest-holder must first have an allowed claim or
2 interest. With the exceptions explained below, a claim is allowed if proof of the claim or
3 interest is properly filed before any bar date and no party in interest has objected, or if the
4 Court has entered an order allowing the claim or interest. Please refer to Section VI
5 below for specific information regarding bar dates in this case.

6 Under certain circumstances a creditor may have an allowed claim even if a proof
7 of claim was not filed and the bar date for filing a proof of claim has passed. A claim is
8 deemed allowed if the claim is listed on the Debtor's schedules and is not scheduled as
9 disputed, contingent, or unliquidated. Exhibit "1" contains a list of claims that are not
10 scheduled as disputed, contingent, or unliquidated.

11 Similarly, an interest is deemed allowed if it is shown on the list of equity security
12 holders filed by the Debtor with the Court and is not scheduled as disputed.

13 In order to vote, an allowed claim or interest must also be impaired by the Plan.

14 Impaired creditors include those whose legal, equitable, and contractual rights are
15 altered by the Plan, even if the alteration is beneficial to the creditor. A contract
16 provision that entitles a creditor to accelerated payment upon default does not, however,
17 necessarily render the claimant impaired, even if the Debtor defaulted and the Plan does
18 not provide the creditor with accelerated payment. The creditor is deemed unimpaired so
19 long as the Plan cures the default, reinstates the maturity of such claim as it existed before
20 default, compensates for any damages incurred as a result of reasonable reliance upon the
21 acceleration clause, and (except for a default arising from failure to operate a
22 nonresidential lease subject to 11 U.S.C.A. § 365 (b)(1)(A) (West Supp. 2006))
23 compensates for any actual pecuniary loss incurred as a result of any failure to perform a
24 non-monetary obligation.

25 Impaired interest-holders include those whose legal, equitable, and contractual
26 rights are altered by the Plan, even if the alteration is beneficial to the interest holder.

27 There are also some types of claims that the Code requires be treated a certain
28 way. For that reason they are considered unimpaired and therefore holders of these

1 claims cannot vote.

2 To summarize, there are two prerequisites to voting: a claim or interest must be
3 both allowed and impaired under the Plan.

4 If a creditor or interest-holder has an allowed and impaired claim or interest, then
5 he or she may vote either to accept or reject the Plan (unimpaired claimants or interest
6 holders are deemed to have accepted the Plan). Impaired claims or interests are placed in
7 classes and it is the class that must accept the Plan. Members of unimpaired classes do not
8 vote, although as stated above, they may object to confirmation of the Plan. Even if all
9 classes do not vote in favor of the Plan, the Plan may nonetheless be confirmed if the
10 dissenting classes are treated in a manner prescribed by the Code. Please refer to Section
11 VI below for information regarding impaired and unimpaired classes in this case.

12 Section IX sets forth which claims are in which class. Secured claims are placed
13 in separate classes from unsecured claims. Fed. R. Bankr. P. 3018(d) provides: "A
14 creditor whose claim has been allowed in part as a secured claim and in part as
15 an unsecured claim shall be entitled to accept or reject a plan in both capacities."

16 **V. VOTES NECESSARY TO CONFIRM THE PLAN**

17 The Court may confirm the Plan if at least one non-insider impaired class of claims
18 has accepted the Plan and certain statutory requirements are met as to both nonconsenting
19 members within a consenting class and as to dissenting classes. A class of claims has
20 accepted the Plan when more than one-half in number and at least two-thirds in amount of
21 the allowed claims actually voting, vote in favor of the Plan. A class of interests has
22 accepted the Plan when at least two-thirds in amount of the allowed interests of such class
23 actually voting have accepted it. It is important to remember that even if the requisite
24 number of votes to confirm the Plan are obtained, the Plan will not bind the parties unless
25 and until the Court makes an independent determination that confirmation is appropriate.
26 That is the subject of any upcoming confirmation hearing.

27 **VI. INFORMATION REGARDING VOTING IN THIS CASE**

28 The bar date for filing a proof of claim in this case was April 28, 2017.

1 The bar date for objecting to claims was June 16, 2017.

2 In this case the Proponent believes that Classes 4 (general unsecured) and 5
3 (insiders) are is impaired and therefore entitled to vote. Administrative, priority and
4 secured classes are unimpaired and therefore do not vote. A party that disputes the
5 Proponent's characterization of its claim or interest as unimpaired may request a finding
6 of impairment from the Court in order to obtain the right to vote.

7 Ballots must be received by the Proponent, addressed to:

8 William P. Fennell, Esq.
9 LAW OFFICE OF WILLIAM P. FENNELL, APLC
10 401 West A Street, Suite 1800
11 San Diego, CA 92101

12 by _____, 2017.

13 **VII. DESCRIPTION OF DEBTOR'S PAST AND FUTURE BUSINESS**
14 **AND EVENTS PRECIPITATING BANKRUPTCY FILING**

15 The Debtor is a California corporation and is not a “small business debtor” as
16 defined in 11 U.S.C. §101(51)(D). Debtor conducted 100% of its business activity in
17 Maywood, California since 1945. What follows is a brief summary of the dates and
18 circumstances that led Debtor to file bankruptcy.

19 Debtor formerly operated as a contract and common truckload carrier of dry van
20 freight and commodities in dry bulk. It ceased trucking operations on May 31, 2017.
21 Prior to this, its primary area of operation was Southern California and Arizona, but it had
22 the necessary licensing, certification and equipment to operate throughout California and
23 the western United States. Debtor operated 24 tractors and over 60 trailers from its
24 Maywood, California yard, where it also maintained offices, management, dispatch, and
25 maintenance functions. The yard is just southeast of metropolitan Los Angeles, close by
26 the 710 freeway (the major north/south artery to and from the Ports of Los Angeles and
27 Long Beach). Debtor also operated a railroad siding in the City of Vernon (adjacent to
28 Maywood) and this enabled it to both ship and receive Dry Bulk railcars.

///

1 Debtor's pre-petition operations included the following:

- 2 • Transportation of bakery flour in bulk originating in Southern California to
3 California and Arizona.
- 4 • Transportation of bulk corn starch throughout California.
- 5 • Transloading of various bulk products from railcars to trucks for delivery in
6 California and Arizona.
- 7 • Transloading of free flowing food and non-food grade bulk commodities such as
8 sugar, pulverized rubber, and construction sand, from railcars to ocean containers
9 and consignee assigned trailers using specialty, in-house designed belt conveyors.
- 10 • Delivery or transloading of dry bulk products from seabulk containers.
- 11 • Transloading and loading super-sack bulk product for truck delivery in California
12 and Arizona.
- 13 • Transportation to and from the Ports of Los Angeles and Long Beach.

14 **A. Financial stress and losses**

15 Debtor suffered from significant financial stress over the ten years preceding its
16 bankruptcy petition. Notable among its problems was the loss of work from two major
17 clients: 1) Debtor lost General Mills' refrigerated and frozen business in 2006 (which was
18 30% of its business at the time) and 2) the loss of the ADM Milling account in 2013
19 (which was 40% of its business at that time). In both of these cases, Debtor requested
20 financial accommodations from the Teamsters Union (which represented its driver
21 employees) but the union refused.

22 Debtor was under constant rate pressure in the years before its bankruptcy from all
23 of its shippers, who threatened to move business to non-union carriers. Moreover, the
24 February 2015 dockworkers' strikes at the Ports of Los Angeles and Long Beach caused
25 substantial losses for Debtor. And, finally, like many businesses, the continuous increase
26 in the cost of health insurance for its employees (particularly the unionized employees)
27 drained its resources. All these stresses drove Debtor to file its Chapter 11 case and led it
28 to cease its business operations and layoff most of its employees as of May 31, 2017.

What follows is a brief description of the Debtor's business and future business
plans. (Further details relating to the Debtor's financial condition and post-confirmation

1 operation of the Debtor are found in sections X, XI, XII, XVI, and XV.)

2 Since terminating its business operations, Debtor has been working toward a
3 liquidating Plan of Reorganization. Accordingly, with bankruptcy court approval it has
4 been selling off its tangible assets, its vehicles, equipment, furniture, and tools, in
5 accordance with its presentation of this liquidating plan. On June 22, 2017, with the
6 bankruptcy court's authorization, Debtor held an auction sale of two lots of its trucks,
7 trailers, equipment, tools, and furniture; the gross sale price totalled \$770,800, and after
8 deduction of liens and auction fees, the net receipt to the bankruptcy estate was \$668,800.

9 Debtor held a second auction sale of its remaining vehicles and equipment in two
10 lots on July 18, 2017, also with the approval of the bankruptcy court. The gross sale price
11 from the second sale was \$530,000, and after deduction of \$490,000 in liens and \$7950 in
12 auction fees, the net receipt to the estate was \$32,050, with the added benefit this second
13 sale satisfied the claim of the largest secured creditor (People's Capital and Leasing
14 Corp.) in full.

15 As noted above, Debtor ceased trucking operations on May 31, 2017 and has only
16 two employees remaining. Debtor's future actions will consist of distributing the net
17 proceeds from the June and July 2017 auctions and either selling off or collecting refunds
18 it will be owed from two self-insurance pools through which it obtained liability and
19 workers' compensation insurance. Debtor anticipates completing the process of
20 distributing the auction proceeds by December 31, 2017 and the process of liquidating the
21 insurance refunds and distributing them as dividends by December 21, 2018.

22 **VIII. CRITICAL PLAN PROVISIONS**

23 As noted above, Debtor has reduced most of its assets to cash and will be
24 liquidating the remaining ones over the next twelve to twenty four months. It will, in
25 turn, distribute the cash to its creditors under the terms set forth below and consistent with
26 a court confirmed plan.

27 ///

28 ///

1 **Sources of Funds to Effectuate**

2 **1. Liquidation of tangible assets**

3 Debtor ceased trucking operations on May 31, 2017 and it does not expect to have
4 any further earnings from trucking operations.

5 Debtor's auctions in June and July 2017 have netted a total of \$700,850 in cash.

6 **2. Insurance captive refunds or sale of insurance captive refunds**

7 Debtor obtained part of its workers compensation insurance through a "risk
8 retention group" administered by the California Truckers' Safety Association, and Debtor
9 obtained part of its asset and liability insurance through a "captive group" administered
10 by Safe Trucking Insurance Limited. Both of these involved self- or small-pool insurance
11 in which Debtor and a small number of other businesses bought capital shares in the pools
12 and each paid in capital was the source of payment for losses claimed against insurance
13 policies. Under both the risk retention and captive arrangements, participants are entitled
14 to refunds of their capital after the close of the relevant insured period and after payment
15 of all losses and claims from the respective pools for the insured period are finalized.
16 Likewise the participants may be called upon to contribute more in the loss(es) in a given
17 year are actually higher than the amounts.

18 Debtor therefore holds contingent refunds from both capital pools in 2018 and
19 afterward. Debtor has stock interest in Safe Trucking Insurance Limited and will be
20 amending its Schedules to reflect this shareholding. However, these are contingent
21 refunds, so neither their receipt nor amounts are certain and could turn out to be a liability
22 for any given year.

23 Debtor is engaged in negotiations with Flour Transport, Inc. (which is an 'affiliate'
24 of Debtor under §101(2)) over the possibility of Debtor selling the shares which include
25 transfer of contingent insurance refunds/dividend to Flour Transport based on a present-
26 value estimation of the likelihood and amount of the refunds/dividend.

27 Debtor expects to have determined whether such a sale will be proposed in
28 advance of the confirmation hearing on its Plan of Reorganization. At present, for the

1 purposes of disclosure, Debtor simply points out that it is possible it will be able to pay a
2 second dividend to creditors and to insiders if it receives funds in the near term from a
3 sale of the contingent insurance refunds or in the long term (2018 or 2019) if it must wait
4 to receive the refunds themselves.

5 **3. Likely dividend**

6 General unsecured creditors can expect a dividend payment by approximately
7 December 1, 2017, in the amount of 100% of their claims. Any further distributions to
8 insiders or equity holders will be dependent on the result of the efforts to liquidate the
9 self-insurance refunds.

10 **IX. DESCRIPTION AND TREATMENT OF CLAIMS**

11 a. Overview of Plan Payments

12 Below is a summary of who gets paid what, when and from what source. The
13 identity of members within a particular class is explained beginning on the next page.
14 The second column lists two amounts. First, the amount of each payment, or if only one
15 is to be made, then that amount; second, the total amount that will be paid. The
16 Proponent is usually not required by law to pay an unsecured creditor or interest holder
17 everything it would otherwise be entitled to, had a bankruptcy case not commenced. The
18 "Payment Due Date" column states the frequency with which payments will be made and
19 the starting and ending dates. Look at the starting date to figure out who will be paid
20 before and after you and in what amount. The "Source of Payment" column describes the
21 expected source of payment. Further details regarding the source of payment are found in
22 sections X and XI.

23 The timing of payments to many creditors is determined by the "Effective Date."
24 Administrative claims, unless otherwise stated, must be paid by the Effective Date. The
25 timing of payments to impaired creditors is measured from the Effective Date. In this
26 case, the Effective Date is the date an order confirming Debtor's Plan of Reorganization
27 becomes final and non-appealable. Attached as Exhibit 2 is a Spreadsheet with claims
28 classification and amounts of claims.

1 All claims listed below are undisputed. There are two claimants who are
2 subordinated because they are insiders and/or affiliates of the Debtor, Dan Hubbard and
3 Robert Hubbard.

4 Below is a detailed description and treatment of administrative expenses, claims
5 and interests.

6 b. Administrative Expenses

- 7 1. These include the "actual, necessary costs and expenses of
8 preserving the estate" as determined by the Court after notice to
9 creditors of a request for payment and after a hearing thereon.
- 10 2. The Code requires that allowed administrative expenses be paid on
11 the effective date unless the party holding the administrative expense
12 agrees otherwise. The claimant has not agreed otherwise.

13 Administrative Expense #1.

14 Claimant: Law Office of William P. Fennell, APLC
15 \$120,000, subject to court approval is an estimate of additional fees through
16 12/31/17 (\$112,645 interim fees were approved 8/28/17 and paid, and will
17 be requested to be made final at about the time of confirmation)

18 Administrative Expense # 2.

19 Claimant: Paul, Plevin, Sullivan & Connaughton
20 \$1,500, subject to court approval is an estimate of additional fees through
21 12/31/17 (\$4,926.24 interim fees were approved 8/28/17 and paid; and will
22 be requested to be made final at about the time of confirmation)

23 Administrative Expense # 3.

24 Claimant: Hoag & Robi
25 \$ 9,000, subject to court approval is an estimate of additional fees through
26 12/31/17 (\$ 14,725.00 interim fees were approved 8/28/17 and paid; and
27 will be requested to be made final about the time of confirmation)
28

1 Total of all administrative expenses is estimated for the entire case
2 \$265,000 of this estimate approximately \$132,000 has been authorized for
3 payment by the Court and paid on or about August 30, 2017. The
4 difference, an estimated \$133,000 will be the subject of application near the
5 time of plan confirmation.

6 c. Unsecured Tax Claims

- 7 1. These include certain types of property, sales, and income
8 taxes.
- 9 2. The Code requires that the holders of such claims receive
10 regular installment payments in cash over a period ending not
11 later than five years after the date of the order for relief,
12 unless agreed otherwise. The claimant has not agreed
13 otherwise. These claimants will be paid 100% on the
14 Effective Date. The total cash payments must have a present
15 value equal to the amount of the allowed claim. The
16 treatment of this claim is in a manner not less favorable than
17 the most favored nonpriority unsecured claim provided in this
18 Plan (other than any cash payments to an administratively
19 convenient class). The amount of the allowed claim includes
20 the amount of tax owed plus interest. The present value is
21 calculated as of the effective date.

22 **3. At present, there do not appear to be any priority tax claims**

23 d. UNCLASSIFIED AS PAID OUTSIDE OF PLAN.

24 Secured Claim of People's Capital and Loan Corp.

25 Total amount of allowed claim: \$490,000 (per agreement of Debtor and
26 Creditor)

27 Payment to satisfy the secured claim of \$490,000 was made outside the
28 plan, per court order on the Debtor's second sale of assets.

1 Interest rate (to compensate creditor because claim is paid over time): N/A
2 Impaired - NO
3 Final payment date: August 31, 2017 (estimated)
4 Amount: \$490,000
5 Lien is not modified in any way by the Plan.
6 Description of Collateral: Ten Freighliner and 5 Volvo diesel tractors
7 **Additional comments: This claim is being paid in full, outside of the**
8 **plan, through a transfer of proceeds from Keeney's second court**
9 **approved auction, held on July 18, 2017, order entered July 19, 2017,**
10 **which authorized payment of this claim at an agreed compromised**
11 **amount.**

12 Secured Claim of Marlin Business Bank

13 Total amount of allowed claim: \$19,100.48

14 Total amount of payment to satisfy the secured claim: \$19,100.48

15 Interest rate (to compensate creditor because claim is paid over time): N/A

16 Impaired - NO

17 First payment date:

18 Amount of each installment: \$19,100.48

19 Frequency of payments: Paid outside of plan.

20 Total yearly payments: \$19,100.48

21 Final payment date:

22 Lien is not modified in any way by the Plan.

23 Description of Collateral: One Forklift.

24 **Additional comments: This claim has been paid in full, outside of the**
25 **plan.**

26 e. CLASS ONE

27 Priority Employee Claims

28 1. These are former employees of Debtor who are entitled to priority under 11

1 U.S.C. §507(a)(4-5) for unpaid employment benefits, specifically payments out of an
2 “Employee Stock Ownership Plan” (“ESOP”).

3 2. The Code requires that the holders of such claims receive regular
4 installment payments in cash over a period ending not later than five years after the date
5 of the order for relief, unless agreed otherwise. The claimant has not agreed otherwise.
6 These claimants will be paid 100% on the Effective Date. The total cash payments must
7 have a present value equal to the amount of the allowed claims. The treatment of these
8 claims is in a manner not less favorable than the most favored nonpriority unsecured
9 claim provided in this Plan. The present value is \$18,220.

10 3. The individual employees and the amounts of their ESOP claims are listed
11 in the claims spreadsheet, attached as Exhibit 1.

12 f. CLASS TWO

13 Unsecured Claims

14 See Exhibit 1 for list of claimants and amount owed each.

15 Total amount of allowed claims: \$353,207.08

16 Total amount of payments (over time) to satisfy claims: \$353,207.08

17 Impaired: No

18 First payment date: Effective Date

19 Approximate amount of each installment: 0%

20 Frequency of payments: 1

21 Total yearly payments: N/A

22 Final payment date: Effective date of plan.

23 Additional comments:

24 g. CLASS THREE

25 Insider Claims

26 1. This is the claim of a person as defined in 11 U.S.C.A. § 101(31)
27 (West Supp. 2006). Essentially, an insider is a person with a close
28 relationship with the Debtor, other than a creditor-debtor relationship.

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

Insider # 1.

Claimant: Broomall Trucking, Inc.

Total amount of allowed claim: \$252,013.68

Insider # 2.

Claimant: Dan Hubbard

Total amount of allowed claim: \$7,800.00

Total amount of payments (over time) to satisfy claims: Unknown

Interest rate (to compensate creditors because claim is paid over time):

Impaired: YES

First payment date: Upon the effective date of plan.

Additional comments: Amount and frequency of payment will depend on
refund/dividend from Risk Retention Group.

Insider # 3.

Claimant: Keeney Family Trust

Total amount of allowed claim: \$46,037.70

Total amount of payments (over time) to satisfy claims:

Interest rate (to compensate creditors because claim is paid over time):

Impaired: YES

Additional comments: Amount and frequency of payment will depend on
refund/dividend from Risk Retention Group.

Insider # 4.

Claimant: Pallets Plus, Inc.

Total amount of allowed claim: \$5,699.00

Total amount of payments (over time) to satisfy claims:

Interest rate (to compensate creditors because claim is paid over time):

Impaired: YES

Additional comments: Amount and frequency of payment will depend on
refund/dividend from Risk Retention Group.

1 Insider # 5.
2 Claimant: Walter L. Keeney
3 Total amount of allowed claim: \$1,606.81
4 Total amount of payments (over time) to satisfy claims:
5 Interest rate (to compensate creditors because claim is paid over time):
6 Impaired: YES
7 Additional comments: Amount and frequency of payment will depend on
8 refund/dividend from Risk Retention Group.
9 TOTAL INSIDER CLAIMS \$313,157.19

10 h. CLASS FIVE

11 Shareholders Interests

12 1. Under the Plan, the shareholders will receive nothing and their
13 shares of stock will become worthless.

14 **X. SOURCE OF MONEY TO PAY CLAIMS AND INTEREST-HOLDERS**

15 The Plan cannot be confirmed unless the Court finds that it is "feasible," which
16 means that the Proponent has timely submitted evidence establishing that the Debtor will
17 have sufficient funds available to satisfy all expenses, including the scheduled creditor
18 payments discussed above. What follows is a statement of projected cash flow for the
19 duration of the Plan. The focus is on projected cash receipts and cash disbursements. All
20 non-cash items such as depreciation, amortization, gains and losses are omitted. A
21 positive number reflects a source of cash; a (negative number) reflects a use of cash. A
22 more detailed statement of cash flow projections for the duration of Plan payments may
23 be provided before plan confirmation if fact can be ascertained regarding recovery from
24 refund/dividend from Risk Retention Group.

25 Net cash flow Payments for auctioned trucks, trailers, furniture, and equipment is
26 \$709,330.

27 Net cash available to Debtor after all plan payments made is expected to be: \$0.00

28 ///

1 Section XV(c) states the assumptions and details surrounding the statement of
2 projected cash flow.

3 On the effective date, the Plan pays administrative and priority claims in full,

4 **XI. FINANCIAL RECORDS TO ASSIST IN DETERMINING**
5 **WHETHER PROPOSED PAYMENT IS FEASIBLE**

6 Attached as Exhibits 3 and 4, are two types of financial documents, 1) a cash flow
7 statement, and 2) an income and expense statement for the period January 1, 2017 to July
8 31, 2017 (the first seven full months after Keeney's bankruptcy petition), as well as for
9 the twelve months pre-petition, December 2015 to December 2016.

10 **XII. ASSETS AND LIABILITIES OF THE ESTATE**

11 a. Assets

12 The identity and fair market value of the estate's assets are listed in Exhibits 3 and
13 4 so that the reader can assess what assets are at least theoretically available to satisfy
14 claims and to evaluate the overall worth of the bankruptcy estate. Whether the Plan
15 proposes to sell any of these assets is discussed in section XVI.

16 b. Liabilities

17 Exhibits 1 shows the estimated allowed claims against the estate, the treatment of
18 those claims is explained in detail by section IX.

19 c. Summary

20 The value of all assets has been determined by prior court approved sales of assets,
21 the net liquidation plus net profit from post-petition operations and is estimated to be
22 \$710,000 Total liabilities are \$814,000 if calculated to the level of all general unsecured
23 creditors.

24 **XIII. TREATMENT OF NONCONSENTING CLASSES**

25 As stated above, even if all classes do not consent to the proposed treatment of
26 their claims under the Plan, the Plan may nonetheless be confirmed if the dissenting
27 classes are treated in a manner prescribed by the Code. The process by which dissenting
28 classes are forced to abide by the terms of a plan is commonly referred to as "cramdown."

1 The Code allows dissenting classes to be crammed down if the Plan does not
2 "discriminate unfairly" and is "fair and equitable." The Code does not define
3 discrimination, but it does provide a minimum definition of "fair and equitable." The term
4 can mean that secured claimants retain their liens and receive cash payments whose
5 present value equals the value of their security interest. For example, if a creditor lends
6 the Debtor \$100,000 and obtains a security interest in property that is worth only
7 \$80,000, the "fair and equitable" requirement means that the claimant is entitled to cash
8 payments whose present value equals \$80,000 and not \$100,000. The term means that
9 unsecured claimants whose claims are not fully satisfied at least know that no claim or
10 interest that is junior to theirs will receive anything under the Plan, except where the
11 Debtor is an individual, has elected to retain property included in the Estate under
12 U.S.C.A. § 1115 (West Supp. 2006) and has satisfied 11 U.S.C.A. § 1129(b)(2)(B)(ii)
13 (West Supp. 2006). "Fair and equitable" means that each holder of an interest must
14 receive the value of such interest or else no junior interest is entitled to receive anything.

15 Therefore, if a class of general unsecured claims votes against the Plan, the Plan
16 cannot be confirmed where the Debtor or a class of interest holders (e.g. shareholders or
17 partners) will receive or retain any property under the Plan, unless the Plan provides that
18 the class of general unsecured claims shall be paid in full with interest. These are
19 complex statutory provisions and the preceding paragraphs do not purport to state or
20 explain all of them fully.

21 **XIV. TREATMENT OF NONCONSENTING MEMBERS OF**
22 **CONSENTING CLASS (CHAPTER 7 LIQUIDATION ANALYSIS)**

23 The Plan must provide that a nonconsenting impaired claimant or interest holder of
24 a consenting class receive at least as much as would be available had the Debtor filed a
25 Chapter 7 petition instead.

26 In a Chapter 7 case the general rule is that the Debtor's assets are sold by a trustee.
27 Unsecured creditors generally share in the proceeds of sale only after secured creditors
28 and administrative claimants are paid. Certain unsecured creditors get paid before other

1 unsecured creditors do. Unsecured creditors with the same priority share in proportion to
2 the amount of their allowed claim in relationship to the total amount of allowed claims.

3 A creditor would recover from the assets of the bankruptcy estate less under
4 Chapter 7 than under Chapter 11 for three reasons. First, the Chapter 7 liquidation value
5 of \$710,000 is the equivalent of the total amount which will be paid out under this plan.
6 The different result is because a Chapter 7 trustee and his attorneys will add a large new
7 layer of administrative expenses to the case which will be paid before any priority or
8 unsecured creditors. In a chapter 7 case a trustee is appointed and is entitled to
9 compensation from the bankruptcy estate in an amount no more than 25% of the first
10 \$5,000 of all moneys disbursed, 10% on any amounts over \$5,000 and up to \$50,000, 5%
11 on all amounts over \$50,000 and up to \$1,000,000, and such reasonable compensation no
12 more than 3% of moneys over \$1,000,000. Attached as Exhibit 5 is a Spreadsheet
13 showing the Liquidation Analysis.

14 **XV. FUTURE DEBTOR**

15 Debtor will cease operations after payout of all the liquidation proceeds and will
16 continue to exist solely for the purpose of collecting any return of contribution Keeney
17 may be entitled to as a member of the Risk Retention Group. Debtor's principal, Dan
18 Hubbard, will remain in place to make the dividend disbursements and his service will
19 end with the dividend payouts. He will receive no compensation for this service.

20 **XVI. SALE OR TRANSFER OF PROPERTY; ASSUMPTION** 21 **OF CONTRACTS AND LEASES; OTHER PROVISIONS**

22 The Plan provides for the following:

- 23 1. Liquidation of Assets as noted above
- 24 2. Rejection of collective bargaining agreement with the Teamsters
- 25 3. Debtor is lessee of a "BizHub" printer-copier under a lease with Konica-
26 Minolta dated March 2013. That lease was subsequently assigned to Wells
27 Fargo and the term runs to February 2018, Debtor will reject this lease
28 pursuant to § 365(a).

1 The Court must make certain findings of fact before approving the aforementioned
2 provisions as part of the Plan. The Proponent will request that the Court make the
3 appropriate findings at the confirmation hearing, based upon evidence submitted in
4 support of the confirmation motion.

5 **XVII. BANKRUPTCY PROCEEDINGS**

6 The Court has entered the following orders on the following dates in this case:

7	12/22/2016	DN 19	Order on Emergency Motion to Pay Pre-Petition Payroll
8			(the court authorized Debtor to pay its employees for the
9			last 12 days preceding the December 14, 2016
			bankruptcy petition).
10	02/21/2017	DN 51	Order Setting Bar Date For Filing Proofs of Claim
11	02/23/2017	DN 56	Order Approving Stipulation to Allow DIP to Maintain
12			General Bank Account (the court approved Debtor's use
			of its pre-petition bank account at California United Bank
			so it could continue to receive payments by electronic
			transfer from its clients)
13	03/03/2017	DN 60, 61,	Orders Approving Employment of the Law Office of
14		62	William P. Fennell, APLC as Debtor's General Counsel;
15			of Hoag & Robi as the Debtor's Accountants; and of Paul,
			Plevin, Sullivan & Connaughton, LLP as Debtor's Special
			Labor Litigation Counsel.
16	06/01/2017	DN 88	Order approving Debtor's Application to Employ an
17			Auctioneer.
18	06/06/2017	DN 90	Order Approving Debtor's Entry into a Commercial
			Lease Agreement, <i>nunc pro tunc</i> .
19	06/09/2017	DN 98	Order Approving Debtor's First Sale Motion.
20	07/19/2017	DN 120	Order Approving Debtor's Second Sale Motion.
21	August 28,	DN 146	Order Approving Stipulation for Rejection of Collective
22	2017		Bargaining Agreement with United Brotherhood of
			Teamsters
23	August 28,	DN 149	Order Approving First Interim Fee Applications by Law
24	2017		Office of William P. Fennell, APLC; Paul, Plevin,
			Sullivan & Connaughton LLP; and Hoag & Robi, Inc.

25 No adversary proceedings have been filed in this case and the court has approved
26 the employment of all of the Debtor's professionals

27 ///

28 ///

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

XVIII. TAX CONSEQUENCES OF PLAN

Debtor does not believe there will be any meaningful tax consequences of its Plan. The reason for this is Debtor is current on all pre- and post-petition taxes and, after paying out its remaining funds as described above, Debtor will cease to operate and will have no further income or tax liability.

XIX. EFFECT OF CONFIRMATION OF PLAN

a. General Comments

The provisions of a confirmed Plan bind the Debtor, any entity acquiring property under the Plan, and any creditor, interest holder, or general partner of the Debtor, even those who do not vote to accept the Plan.

The confirmation of the Plan vests all property of the estate in the Debtor.

The automatic stay is lifted upon confirmation as to property of the estate. However, the stay continues to prohibit collection or enforcement of pre-petition claims against the Debtor or the Debtor's property until the date the Debtor receives a discharge, if any. If the Debtor does not seek a discharge, the discharge is deemed denied, and the stay as to the Debtor and the Debtor's property terminates upon entry of the order confirming the Plan.

b. Discharge of Liability for Payment of Debts; Status of Liens; Equity Security Holders

Unless the Debtor is not entitled to receive a discharge pursuant to 11 U.S.C.A. § 1141(d)(3) (West 2004), the Debtor may obtain a discharge only upon specific order of the Court.

c. Modification of the Plan

The Proponent may modify the Plan pursuant to 11 U.S.C.A. § 1127 (West 2004 & Supp. 2006).

d. Post-Confirmation Causes of Action

To the best knowledge of the Proponent, the estate does not possess any causes of action of any recoverable value.

1 e. Final Decree

2 Once the Plan has been consummated, a final decree may be entered upon motion
3 of the Proponent. The effect of the final decree is to close the bankruptcy case. After
4 such closure, a party seeking any type of relief relating to a Plan provision can seek such
5 relief in a state court of general jurisdiction.

6 **XX. DECLARATION IN SUPPORT OF DISCLOSURE STATEMENT AND**
7 **PLAN**

8 I, Dan Hubbard, declare under penalty of perjury under the laws of the United
9 States of America that the following statements are true and correct based upon my
10 personal knowledge.

- 11 1. William P. Fennell, Esq. and Charles F. Bethel, Esq., Dan Hubbard, and
12 Bill Robi, CPA, are the individuals who prepared this document.
- 13 2. The source of all financial data is Keeney's books and records.
- 14 3. All facts and representations in the Plan and Disclosure Statement are true
15 to the best of my knowledge.
- 16 4. No fact material to a claimant or equity security holder in voting to accept
17 or reject the proposed Plan has been omitted.
- 18 5. The name of the person(s) who prepared the cash flow projections and the
19 other financial documents are Dan Hubbard, and Hoag & Robi, and such
20 persons were acting within the capacity of president and accountant for the
21 Debtor, respectively.
- 22 6. The accounting method(s) used to prepare the cash flow projections and the
23 other financial documents is accrued basis.

24 Executed this — day of _____, 2017 at Los Angeles, California.

25

26 Signature: _____ Print Name: _____

27 Title: _____ Date: _____

28

1 Presented by:

2

3

LAW OFFICE OF WILLIAM P. FENNELL, APLC

4

5 Dated: August 31, 2017

By: /s/William P. Fennell
William P. Fennell, Esq.
Attorney for Debtor-in-Possession

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

EXHIBIT 1

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Scheduled Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>
507(a)(2) - Administrative	Law Office of William P. Fennell, APLC	401 West A Street, Suite 1800, San Diego, CA 92101					
507(a)(2) - Administrative	Paul, Plevin, Sullivan & Connaughton LLP	101 West Broadway, Ninth Floor, San Diego, CA 92101					
507(a)(2) - Administrative	Hoag & Robi, CPAs	2660 Townsgate Rd., #330 Westlake Village CA 91361					
Subtotal admin			\$133,000.00				
507(a)(4-5) Priority Employees	Cecil Reyes	7927 E. Arroyo Avenue, Rosemead, CA 91770	\$1.62		\$8,291.96	3/20/2017	Employee Stock Ownership Distribution Payment
507(a)(4-5) Priority Employees	Charles E. Randmel	441 Calle Borrego, Walnut, CA 91789	\$5,211.67		\$5,211.67		Employee Stock Ownership Distribution Payment
507(a)(4-5) Priority Employees	Eloy Adame	5651 Via Corona Street, Los Angeles, CA 90022	\$55.88		\$55.88		Employee Stock Ownership Distribution Payment
507(a)(4-5) Priority Employees	Fulgencio Bonilla	1226 E. Louisa Avenue, West Covina, CA 91790-1348	\$1.10		\$1.10		Employee Stock Ownership Distribution Payment
507(a)(4-5) Priority Employees	J Calvin De Jager	18461 Old River Road, Bakersfield, CA 93311	\$0.16		\$0.16		Employee Stock Ownership Distribution Payment

Desc

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Scheduled Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>	Case 2:16- bk-26393- SK Doc 155 Filed 08/31/17 Entered 08/31/17 Page 22 of 48
507(a)(4-5) Priority Employees	James Stout	1064 Westbrook Street, Corona, CA 92880	\$27.86		\$27.86		Employee Stock Ownership Plan Distribution Payment	
507(a)(4-5) Priority Employees	John Johnson	3456 Maryland Avenue, Baldwin Park, CA 91706	\$0.05		\$0.05		Employee Stock Ownership Plan Distribution Payment	
507(a)(4-5) Priority Employees	Julian Lugo	12435 Nordesta Drive, Norwalk, CA 90650	\$3.79		\$3.79		Employee Stock Ownership Plan Distribution Payment	
507(a)(4-5) Priority Employees	Kyle DeGough	11210 Forbes Avenue, Granada Hills, 91344	\$670.46		\$670.46		Post 86 EOP Payment	
507(a)(4-5) Priority Employees	Manuel D. Reyes	301 N Nora Avenue, West Covina, CA 91790	\$3.78		\$3.78		Employee Stock Ownership Plan Distribution Payment	
507(a)(4-5) Priority Employees	Mervin L. Heuseveldt	12224 Torrey Pines Drive, Auburn, CA 95602	\$0.10		\$0.10		Employee Stock Ownership Plan Distribution Payment	
507(a)(4-5) Priority Employees	Mike Evans	1604 Luray Street, Long Beach, CA 90807	\$1,286.05		\$1,286.05		Employee Stock Ownership Plan Distribution Payment	
507(a)(4-5) Priority Employees	Sherry Bechtel	2357 S. Lakeshore Drive, Pacific, MO 63069-4655	\$0.16		\$2,664.97	3/13/2017	Employee Stock Ownership Plan Distribution Payment	
subtotal priority employees			\$7,262.68		\$18,217.83			Desc

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>
Class II Unsecured	Brake - Co.	3840 Fruitland Avenue Vernon CA 90058					Parts
Class II Unsecured	Budget Uniform Rental Supply	1702 W. 134th Street Gardena CA 90247	\$2,302.24		\$22,916.39	3/3/2017	Shop supplies/Uniforms
Class II Unsecured	Commercial Tire	PO Box 58707, Los Angeles, CA 90058	\$8,716.68		\$8,716.68		Tires
Class II Unsecured	Cummins	PO Box 848731, Los Angeles, CA 90084-8731	\$599.00		\$599.00		Parts/Service
Class II Unsecured	De La Rosa Office Cleaning	9631 Senwood Street, Bellflower, CA 90706	\$360.00		\$360.00		Cleaning Services
Class II Unsecured	DMV						
Class II Unsecured	Econoline Portable Restrooms	631 N Bristol St #65, Santa Ana, CA 92703	\$106.85		\$106.85		Portable Restrooms
Class II Unsecured	Fleetpride	P.O. Box 847118 Dallas TX 75284-7118	\$416.80		\$416.80		Parts
Class II Unsecured	Food Express	521 North First Avenue Arcadia CA 91006-0460	\$9,135.12		\$9,135.12		Wash rack usage Subhaul
Class II Unsecured	Hoyal	Please see Hoyal Family Trust					
Class II Unsecured	Hoyal Family Trust	c/o Theo Pacific Corporation Newport Beach CA 92660					Office/Yard ren
Class II Unsecured	Hoyal Family Trust address no. 2	3990 Westerly Pl., Suite 180 Newport Beach CA 92660					Office/Yard ren
Class II Unsecured	Industrial Fumigant	PO Box 844290, Callas, TX 75284	\$460.14		\$460.14		Pest Control
Class II Unsecured	Inland Kenworth, Inc.	1600 W. Washington Blvd., Montebello, CA 90640	\$579.54		\$579.54		Parts
Class II Unsecured	Interstate Battery System	7327 Whittier Avenue Whittier CA 90602	\$825.76		\$825.76		Parts
Class II Unsecured	Interstate Filter Services	15006 E Arrow Hwy Baldwin Park CA 91706	\$907.85		\$907.85		Parts

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Scheduled Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>
Class II Unsecured	JDS Tank Testing & Repair	P.O. Box 1241 Stanton CA 90680	\$455.00		\$455.00		Underground Tank Testing/Monitoring As required by LA 26393-393-SK County and State of Calif
Class II Unsecured	Johnson Hardware	3600 E. Slauson Avenue Maywood CA 90270	\$72.47		\$72.47		Parts
Class II Unsecured	LAJ (Railroad)	4433 Exchange Ave. Los Angeles CA 90058					Track rental/Per diem
Class II Unsecured	Little John, Inc.	PO Box 5177, Spartanburg, SC 29304	\$399.49		\$399.49		Parts
Class II Unsecured	Matheson Tri-Gas Sims Welding	Dept LA 23793 Pasadena CA 91185-3793	\$396.43		\$396.43		Cylinder rental/welding gases
Class II Unsecured	MCI	PO Box 15043, Albany, NY 12212-5043	\$13.25		\$13.25		Long Distance Service
Class II Unsecured	ML Bernie	2245 First Street #211A Simi Valley CA 93065	\$80.75		\$80.75		Parts
Class II Unsecured	Nationwide Carrier Services Licensing	1304 West Whittier Blvd, Montebello, CA 90640	\$485.00		\$485.00		DMV License Service
Class II Unsecured	Northwest Administrators, Inc.	c/o Reid, McCarthy, Ballew & Leahy, 100 W. Harrison St., Suite 300, Seattle, WA 98119	\$0.00	Contingent/Disputed	\$0.00		Notice Only/Appeal for Western Conference of Teamsters Pension Trust Fund
Class II Unsecured	Pacific Bulk	543 Overmyer Road Sparks NV 89431					Parts
Class II Unsecured	Parts Boys	3400 Fruitland Avenue, Maywood, CA 90270	\$430.55		\$430.55		Parts
Class II Unsecured	Phillip 66	P.O. Box 530970 Atlanta GA 30353-0970					Gasoline
Class II Unsecured	Pitney Bowes Financial Services	PO Box 371887, Pittsburgh, PA 15250-7887	\$423.21		\$423.21		Postage/Machine Rental

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Scheduled Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>
Class II Unsecured	Polar	7600 East Sam Houston Parkway North Houston TX 77049	\$1,217.29		\$719.86	3/13/2017	Parts
Class II Unsecured	Reid McCarthy Ballew & Leahy LLP	100 West Harrison Street, North Tower, Suite 300, Seattle, WA 98119	\$0.00		\$0.00		Notice only/Collecting on behalf of Western Conference of Teamsters Pension Trust
Class II Unsecured	Robert W. Bollar, Esq.	1800 W. Katella Avenue, #400, Orange, CA 92867					Related to BNSF Truck Parts and Svc.
Class II Unsecured	SC Fuels	P.O. Box 4159 Orange CA 92863-4159	\$35,757.73		\$35,757.73	1/5/2017	fuel
Class II Unsecured	SC Lubes	P.O. Box 5765 Orange CA 92863-5765	\$1,473.68		\$1,473.68	3/10/2017	Oil/DEF
Class II Unsecured	Sparkletts	PO Box 7126, Pasadena, CA 91109	\$201.63		\$201.63		Water
Class II Unsecured	Sprint	PO Box 4181, Carol Stream, IL 60197-4181	\$1,079.47		\$1,079.47		Wireless Communication
Class II Unsecured	Stacy Medical Center	PO Box 57829, Sherman Oaks, CA 91413-2829	\$110.00		\$110.00		Driver Physical
Class II Unsecured	Staples Credit Plan	Dept. 51-7811110740, PO Box 78004, Phoenix, AZ 85062-8004	\$206.50		\$206.50		Office Supplies
Class II Unsecured	Teamsters & Food Employers Security Trust Fund	PO Box 8262, Pasadena, CA 91109-8262	\$17,563.77		\$17,563.77		Employer Contributions and attorney fees
Class II Unsecured	TEC	P.O. Box 11272 Portland OR 97211	\$77.58		\$77.58		Parts/Service
Class II Unsecured	The Los Angeles Junction Rail	3110 Solutions Center Chicago IL 60677-3001					Related to BNSF Railway
Class II Unsecured	Truck PRO/PTO Sales	29787 Network Place Chicago IL 60673-1787					duplicate

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Scheduled Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>
Class II Unsecured	Truck Specialty	4019 E. 52nd Street Maywood CA 90270	\$46.38		\$46.38		Parts
Class II Unsecured	Truckpro, LLC DBA/PTO Sales	29787 Network Place Chicago Il 60673-1787	\$1,405.58		\$1,405.58		Parts
Class II Unsecured	U.S. Telepacific Corp	Office of General Counsel 515 S Flower St 47th Floor Los ANGELES CA 90071-2201	\$1,645.62		\$2,024.21	5/1/2017	business telephone services
Class II Unsecured	United Towing Services	PO Box 642, Downey, CA 90241	\$500.00		\$500.00	8/14/2017	Towing Service
Class II Unsecured	Wells Fargo Bank, N.A., Energy Product Company	PO Box 202056, Dallas, TX 75320-0256	\$47,509.53		\$47,509.53		Diesel Fuel
Class II Unsecured	Wells Fargo Vendor Financial Services, LLC	Wells Fargo Vendor Financial Services, LLC attn Lisa Boddicker 1010 Thomas Edison Blvd., SW Cedar Rapids, IA 52404					copier lease
Class II Unsecured	Western Allied	P.O. Box 3628 Santa Fe Springs CA 90670-1628	\$196.00		\$196.00		Office A/C Service
Class II Unsecured	Westrux	P.O. Box 309 Norwalk CA 90651-0309	\$1,983.18		\$1,983.18		Parts/Service
Class II Unsecured	Zamora Lawn Services	1650 Lagoon Avenue, Wilmington, CA 90744	\$100.00		\$100.00		Landscaping Services
subtotal unsecured			\$341,669.37		\$353,207.08		
Class III Insiders	Broomall Trucking, Inc.	3500 Fruitland Ave. Maywood CA 90270	\$252,013.68		\$252,013.68		Labor/Subhauls
Class III Insiders	Dan Hubbard	3500 Fruitland Ave. Maywood CA 90270	\$7,800.00		\$7,800.00		Shop Pickup Rental

<u>Class</u>	<u>Name</u>	<u>Address</u>	<u>Scheduled Amount</u>	<u>Scheduled as Disputed?</u>	<u>Filed Claim Amount or Scheduled Undisputed Amount</u>	<u>Filed Claim Date</u>	<u>What for?</u>
Class III Insiders	Keeney Family Trust	824 Pan Vista Dr. Omak WA 98841	\$46,037.70		\$40,165.62	3/28/2017	loan
Class III Insiders	Pallets Plus, Inc.	3500 Fruitland Ave. Maywood CA 90270	\$5,699.00		\$5,699.00		Chassis lease
Class III Insiders	Walter L. Keeney	521 North First Avenue Arcadia CA 91006-0460	\$1,606.81		\$1,606.81		Employee Stock Ownership Plan Distribution
total insiders			\$313,157.19		\$307,285.11		
Class IV Shareholders	Dan Hubbard						
	Robert Hubbard						
	ESOP Trustees						
	Roland Attenborough, Esq. [counsel for ESOP]						
	Eugene Hubbard						
	Joanna Keeney						
	Karyl Hubbard						
	Keeney Family Trust-WLK Trustee						
	Kevin Keeney						
	Madeline Jenkins						
	Margaret S. Hubbard						
	Walter Keeney						

EXHIBIT 2

EXHIBIT 3

Keeney Truck Lines, Inc.
Statement of Cash Flows

January through July 2017

Jan - Jul 17

OPERATING ACTIVITIES

Net Income	665,048.95
Adjustments to reconcile Net Income to net cash provided by operations:	
1100 Accounts Receivable	243,398.74
1010-1 Petty Cash	1,500.00
1020-1 Misc Special Deposits:1020-2 Fennell LLC Holding Acc	-60,000.00
1140 PREPAID ASSETS:1141-1 Prepaid Veh. Lic. State	12,451.58
1140 PREPAID ASSETS:1141-2 Prepaid Fed Hwy Taxes	6,095.80
1140 PREPAID ASSETS:1146 Prepaid Tires	6,710.00
1140 PREPAID ASSETS:1147 PPD CA Inc Tax, City Lic	-800.00
1140 PREPAID ASSETS:1151 Materials & Supplies-Fuel	11,614.92
1510 Other Deferred Debits	14,000.00
Accounts Payable	-38,030.53
2000 CURRENT LIABILITIES:2041-1 Wages Payable-Vacation	-9,074.57
2000 CURRENT LIABILITIES:2041-2 Wages Payable-Holidays	-1,056.50
2000 CURRENT LIABILITIES:2041-3 Wages Payable-Sick Leave	3,037.50
2000 CURRENT LIABILITIES:2111-2 Sales Taxes Payable	-899.85
2100 NOTES PAYABLE SHORT TERM:2130-10 Food Express Note Payab	-102,875.00
2100 NOTES PAYABLE SHORT TERM:2130-5 Short Term Marlin Bank	-21,295.50
2100 NOTES PAYABLE SHORT TERM:2130-7A People's Capitol #1	-62,286.16
Net cash provided by Operating Activities	<u>667,539.38</u>

INVESTING ACTIVITIES

1200 FIXED ASSETS:1221 Revenue Equipment	2,070,518.54
1200 FIXED ASSETS:1222 Res For Deprec. Rev Equip	-1,943,841.44
1200 FIXED ASSETS:1223 Service Equipment	96,032.73
1200 FIXED ASSETS:1224 Res For Deprec Ser Equip	-88,037.61
1200 FIXED ASSETS:1233 Shop Equipment	253,135.34
1200 FIXED ASSETS:1234 Res For Deprec Shop Equip	-226,909.94
1200 FIXED ASSETS:1236 Res For Deprec Office Furn	3,965.24
1200 FIXED ASSETS:1237 Misc Revenue Equipment	267,362.52
1200 FIXED ASSETS:1238 Res for Deprec Misc Equip	-247,429.73
1200 FIXED ASSETS:1241 Improv. to Leasehold Prop	423,586.69
1200 FIXED ASSETS:1242 Res For Dep ILP	-402,215.53
Net cash provided by Investing Activities	<u>206,166.81</u>

Net cash increase for period 873,706.19

Cash at beginning of period -37,772.68

Cash at end of period 835,933.51

EXHIBIT 4

January through July 2017
Jan - Jul 17

Income	
3300 Freight Revenue	
3321 Hourly Bulk	1,163.75
3330 Van-Other	535,767.89
3331 Bulk-Other	416,438.03
3335 Private Property	14,016.70
3340 CA Linehaul-Van	66,330.91
3360 Interstate Van	23,734.90
Total 3300 Freight Revenue	1,057,452.18
4511-A Fuel Surcharges	132,585.39
4591-1 Lumpers & Driver Unload	2,775.00
8215 Dividend Income	119,338.30
Total Income	1,312,150.87
Gross Profit	1,312,150.87
Expense	
4100 SALARIES & WAGES	
4119 Officers Salaries	77,000.00
4131 Supervisors Salaries	26,500.00
4139 General Office Salaries	21,776.54
Total 4100 SALARIES & WAGES	125,276.54
4200 WAGES	
4221-1 Drivers Wages Hourly	182,345.19
4221-2 Drivers Wages Mileage	14,853.92
4241 Shop Wages	
4241-1 Shop Wages Credits	-37,304.24
4241 Shop Wages - Other	109,097.76
Total 4241 Shop Wages	71,793.52
Total 4200 WAGES	268,992.63
4300 MISC PAID TIME OFF	
4321 Misc Paid Time Off-Drivers	14,914.05
Total 4300 MISC PAID TIME OFF	14,914.05
4400 P/R TAXES AND FRINGES	
4419 Fed Payroll Tax Expense	39,196.25
4419 Fed Payroll Taxes	565.56
4429 State Payroll Taxes	4,620.20
4439 Workers Comp Ins. Expense	4,242.57
4491 Other Fringes-Drivers	47,008.60
4496 Other Fringes-Mechanics	2,682.39

January through July 2017

	<u>Jan - Jul 17</u>
4498 Pension Payments (401k)	4,089.69
4499 Other Fringes-G & A	27,265.50
Total 4400 P/R TAXES AND FRINGES	<u>129,670.76</u>
4500 REPAIRS AND FUEL	
4511 Fuel expense	79,552.07
4521 Lube Oils & Coolents	5,144.08
4531 Vehicle Parts	16,855.85
4541 Vehicle Maint Outside Vend	1,315.95
4551 Tire Exp. Revenue Vehicles	11,385.26
4556 Tire Expense-Ser Vehicles	707.89
4591 Other Oper. Exp. Rev Veh.	39,584.35
4596 Other Oper. exp. Maint Veh	5,885.11
4599 Other Oper. Exp. Office Ve	-10,879.09
Total 4500 REPAIRS AND FUEL	<u>149,551.47</u>
4600 GENERAL OFFICE EXPENSES	
4619 Office Supplies	2,805.22
4667 Officers Expenses	567.03
4699 Other Office Expenses	6,508.50
Total 4600 GENERAL OFFICE EXPENSES	<u>9,880.75</u>
4700 TAXES & LICENSES	
4721 Heavy Vehicle Use Tax	6,095.80
4759 Real Estate & P.P. Taxes	749.84
4761 State Fuel Taxes	-3.68
4771 State Vehicle Licenses	32,433.58
Total 4700 TAXES & LICENSES	<u>39,275.54</u>
4800 INSURANCE EXPENSES	
4801 Insurance Deductible Exp	39.25
4811-1 Insurance Exp. Paminco	1,640.93
4811 Insurance B.I & P.D	99,195.44
4821 Insurance Expense Cargo	10,388.04
4899 Other Ins Exp. G & A	2,933.08
Total 4800 INSURANCE EXPENSES	<u>114,196.74</u>
5100 COMMUNICATION & UTILITIES	
5110 Communication Expense	25,497.21
5111 Utilities Exp. Gas & Elect	8,608.94
Total 5100 COMMUNICATION & UTILITIES	<u>34,106.15</u>
5300 DEPRECIATION EXPENSE	
5321 Dep. Exp. Revenue Equip	126,677.10
5336 Dep. Exp. Service Equip	2,928.00

January through July 2017

Jan - Jul 17

5346 Dep. Exp. Shop Equip	3,496.74
5359 Dep. Exp. Office Equip.	817.44
5361 Dep. Exp. Misc Rev Equip.	1,636.86
5379 Dep. Exp. Leasehold Prop.	1,092.78
Total 5300 DEPRECIATION EXPENSE	<u>136,648.92</u>

5400 VEHICLE RENTS

5421 Veh. Rents Wirh Driver	236,607.01
5431 Veh. Rents W/Out Driver	-70,392.40
Total 5400 VEHICLE RENTS	<u>166,214.61</u>

5500 PROP. & OFFICE EQUIP RENTS

5519 Property Rents	75,600.00
Total 5500 PROP. & OFFICE EQUIP RENTS	<u>75,600.00</u>

5700 GAIN/LOSS ON EQUIP SALES

5719 Gain On Sale of Equipment	-695,689.92
Total 5700 GAIN/LOSS ON EQUIP SALES	<u>-695,689.92</u>

5900 JOINT CREDITS

5929 Joint Credits-Office	-5,527.21
5939 Professional services	50,310.82
Total 5900 JOINT CREDITS	<u>44,783.61</u>

8400 BAD DEBTS 1,626.00

8500 Employee Payroll Ded/Pay 8,384.11

8600 INTEREST EXPENSES

8600-5 Int Exp. US Business	1,375.32
8600-6 Int Exp Peoples Capitol	22,294.64
Total 8600 INTEREST EXPENSES	<u>23,669.96</u>

Total Expense 647,101.92

Net Income 665,048.95

EXHIBIT 5

Liquidation Analysis

	Chapter 7		Chapter 11	
<u>Class</u>	<u>Payment Amount</u>		<u>Payment Amount</u>	
cash on hand	\$710,000.00		\$710,000.00	
Chapter 7 Administrative Claims	\$50,000.00			
Chapter 7 Trustee	\$38,750.00			
Chapter 11 Administrative	\$133,000.00		\$133,000.00	
507(a)(4-5) - Priority Employees	\$18,219.61		\$18,219.61	
	\$470,030.39		\$558,780.39	
Class II General Unsecured	n/a		\$352,407.08	100%
			\$206,373.31	
Class III General Unsecured Insiders	n/a		\$313,157.19	66%
			-\$106,783.88	
All General Unsecured	\$665,564.27	71%	n/a	
	-\$195,533.88			

EXHIBIT 6

1 William P. Fennell (SBN 164210)
Of Counsel: Melissa A. Blackburn Joniaux (SBN 105470)
2 Of Counsel: Charles F. Bethel (SBN 126036)
LAW OFFICE OF WILLIAM P. FENNELL, APLC
3 401 West A Street, Suite 1800
San Diego, CA 92101
4 Tel: (619) 325-1560
Fax: (619) 325-1558

5 Attorneys for Keeney Truck Lines, Inc.,
6 Debtor-in-Possession

7
8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

11 In re:) Case No. 2:16-bk-26393-SK
12 KEENEY TRUCK LINES, INC.) Chapter 11
13 Debtor.) **BALLOT FOR ACCEPTING OR**
14) **REJECTING PLAN**
15) The Honorable Sandra R. Klein
16)

17 Debtor, Keeney Truck Lines, Inc., debtor in possession, filed a Plan of
18 Reorganization (Plan) on August 31, 2017. By this ballot you will decide whether to
19 accept or reject this Plan.

20 The Plan referred to in this ballot can be confirmed by the Court and thereby bind
21 you if it is accepted by the holders of two-thirds in amount and more than one-half in
22 number of claims in each class and the holders of two-thirds in amount of equity security
23 interests in each class voting on the Plan.

24 If the requisite acceptances are not obtained, the Court may nevertheless confirm
25 the Plan if the Court finds that the Plan accords fair and equitable treatment to the class or
26 classes rejecting it and otherwise satisfies the requirements of 11 U.S.C.A. § 1129(b)
27 (West 2004 & Supp. 2006).

28 ///

1 Check the appropriate line below, which describes your interest:

2 A. _____ The undersigned, a creditor with an allowed claim
3 in the amount of \$ _____:

4 B. _____ The undersigned, a holder of a bond in the amount
5 of \$ _____, with a stated maturity date of _____, registered in the
6 name of _____, and bearing serial number(s) _____:

7 C. _____ The undersigned, the holder of _____ shares of _____
8 (explain type of stock) stock, with a certificate(s) no. _____:

9 Accepts the Plan

Rejects the Plan

10

11 Print or type name: _____

12 State which class you are a member of: _____

13 Signed: _____

14 If appropriate, by: _____ as _____

15 Address: _____

16 _____

17 Return this ballot on or before _____, 2017

18

19 to

20 William P. Fennell, Esq.
21 LAW OFFICE OF WILLIAM P. FENNELL, APLC
22 401 West A Street, Suite 1800
23 San Diego, CA 92101

24 Attorneys for Keeney Truck Lines, Inc.,
25 Debtor-in-Possession

26

27

28

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

401 West A Street, Suite 1800, San Diego, CA 92101

A true and correct copy of the foregoing document entitled (*specify*): DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION FILED BY DEBTOR IN POSSESSION, KEENEY TRUCK LINES, INC.

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **August 31, 2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **August 31, 2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

08/31/2017

Date

Luralene L. Schultz

Printed Name

/s/Luralene L. Schultz

Signature

ATTACHMENT TO PROOF OF SERVICE**TO BE SERVED BY THE COURT VIA NEF:**

Dare Law: dare.law@usdoj.gov
 Nicholas Starkman: nstarkman@wkclegal.com, syoung@wkclegal.com
 United States Trustee (LA): ustpreion16.la.ecf@usdoj.gov
 Marshall F. Goldberg: mgoldberg@glassgoldberg.com
 Valerie Smith: vsmith@portfoliorecovery.com
 Hatty K Yip: Hatty.yip@usdoj.gov

SERVED BY UNITED STATES MAIL:

Hon. Sandra R. Klein United States Bankruptcy Court Central District of California 255 E. Temple Street, Suite 1582/ Courtroom 1575 Los Angeles, CA 90012	Keeney Truck Lines, Inc. 3500 Fruitland Avenue Maywood, CA 90270 <i>Debtor</i>	Board of Trustees Teamsters Trust c/o Kathryn Halford c/o Elizabeth Rosenfeld c/o Nicholas I. Starkman 16501 Ventura Blvd, #304 Encino, CA 91436 <i>20 Largest Unsecured Creditor Request for Special Notice</i>
Office of the United State Trustee Attn: Dare Law, Esq. 915 Wilshire Blvd., Suite 1850 Los Angeles, CA 9017	U.S. Securities and Exchange Commission Attn: Bankruptcy Counsel 444 South Flower St, Ste. 900 Los Angeles, CA 90071-9591	