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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

In re:
HELP KIDS, INC.,

Debtor-in-Possession.

Case No. 18-10390-B-11
Chapter 11
DC No. LKW-4
Date: June 26, 2018
Time: 9:30 a.m.
Place: Bankruptcy Court-Department B
United States Courthouse
2500 Tulare Street, Fifth Floor
Fresno, CA
Judge: Rene Lastreto, II

DEBTOR'S DISCLOSURE STATEMENT DATED MAY 15, 2018

I.

Introduction

Help Kids, Inc. ("Debtor") filed a Voluntary Petition Under Chapter 11 on February 6, 2018 ("the Petition Date"). Debtor has operated its business as a debtor-in-possession since the Petition Date and a trustee has not been sought or appointed in Debtor's case.

II.

Purpose of the Disclosure Statement

This Debtor's Disclosure Statement Dated May 15, 2018 ("the Disclosure Statement"):

- describes Debtor and significant events during the bankruptcy case,

- 1 • describes the classification and treatment of Claims or equity interests as
2 provided in Debtor's Plan of Reorganization ("the Plan"),
- 3 • explains how Debtor will execute the Plan,
- 4 • explains how Claims will be treated and paid,
- 5 • explains who can vote on or object to the Plan,
- 6 • explains what factors the Bankruptcy Court ("the Court") will consider when
7 deciding whether to confirm the Plan,
- 8 • explains why Debtor believes the Plan is feasible and how the treatment of your
9 Claim or equity interest under the Plan compares to what you would receive on
10 your Claim or equity interest in liquidation, and
- 11 • explains the effects of Confirmation of the Plan.

12 The Plan will establish your rights with respect to your Claim if the Plan is confirmed.

13 The information contained in the Disclosure Statement is provided to the holders of Claims for
14 the purpose of providing adequate information to Claimants so that Claimants can arrive at an
15 informed decision in exercising their right to accept or reject the Plan.

16 Your vote to accept or reject the Plan is important. The Plan can be confirmed if it is
17 accepted by the holders of Claims in each Class of Claims voting on the Plan. Additionally, the
18 Court can confirm the Plan if it finds that the Plan accords fair and equitable treatment to the
19 Class rejecting it if the requisite acceptances are not obtained. Debtor will seek Confirmation
20 of the Plan whether the Plan is accepted by all Classes of Creditors or not.

22 EVERY ATTEMPT HAS BEEN MADE TO PROVIDE ACCURATE
23 INFORMATION IN THIS STATEMENT. HOWEVER, THE INFORMATION HAS NOT
24 BEEN THE SUBJECT OF A CERTIFIED AUDIT. NO REPRESENTATIONS ARE
25 AUTHORIZED BY DEBTOR EXCEPT AS SET FORTH IN THIS STATEMENT. THE
26 INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT COMES FROM
27 DEBTOR AND ITS ATTORNEYS. DORIS BEALER IS THE PRIMARY SOURCE OF
28

1 INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT AND REPRESENTS
2 THE BEST SOURCE OF INFORMATION CONCERNING DEBTOR AND ITS ASSETS
3 AND LIABILITIES. TO THE EXTENT THAT INFORMATION CONTAINED IN THIS
4 DISCLOSURE STATEMENT IS INCONSISTENT WITH INFORMATION CONTAINED
5 IN THE PLAN, THE TERMS OF THE PLAN ARE CONTROLLING.
6

7 **III.**

8 **Description of Business**

9 **1. History of Debtor and Events Leading to Filing Chapter 11 Case**

10 Debtor is a corporation doing business in California. Debtor's principal place of
11 business is in Delano, California. Doris Bealer is Debtor's sole officer, director, and
12 shareholder. Debtor owns a mobile home park that includes twenty spaces and a house ("the
13 Mobile Home Park"). Debtor began its business in 2007. Debtor's business generated gross
14 income of \$103,210.00 in 2015, \$105,878.00 in 2016, and \$107,050.78 in 2017.
15

16 Debtor's business experienced problems beginning in 2013 that caused Debtor to
17 default in its obligations owed to the Kern County Treasurer-Tax Collector ("KCTTC") and
18 Dennis Brent, Trustee of the Revocable Living Trust of Dennis L. Brent Dated December 31,
19 2008 ("Mr. Brent") and Kathy Sue Lipton, Trustee of the Lipton Family Trust Dated September
20 5, 2007 ("Ms. Lipton"). Debtor's problems included:
21

- 22 a. Debtor having higher than usual vacancies in the Mobile Home Park in 2013,
23 b. Debtor having to make repairs to the Mobile Home Park's in 2015, 2016, and
24 2017, and
25 c. Debtor incurring legal fees and renovation expenses associated with an eviction
26 action concerning a house located on the Mobile Home Park in 2017.
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1 Debtor defaulted in payment of real property taxes owed to the KCTTC beginning in 2013 and
2 Debtor defaulted in obligations owed to Mr. Brent and Ms. Lipton in August 2017 because of
3 the problems described above. As the result of Debtor's defaults, Mr. Brent and Ms. Lipton
4 began a non-judicial foreclosure against the Mobile Home Park in September 2017. Debtor
5 filed its Chapter 11 case in order to give Debtor a vehicle under which it could reorganize its
6 business and financial affairs and repay the debt owed to its creditors over time.
7

8 IV.

9 Debtor's Historical, Post-Petition, and Projected Financial Information

10 1. Historical Financial Information

11 Debtor's business generated gross income of between \$103,210.00 and \$107,050.78 per
12 year from 2015 through 2017. Debtor operated its business at a loss in 2015 and 2016 and at a
13 profit in 2017. Debtor's business income has averaged \$104,133.00 per year since 2014 and
14 Debtor's business expenses have averaged \$102,696.00 per year since 2014.
15

16 2. Post-Petition Financial Information

17 Debtor has continued its business operations after filing its Chapter 11 case.
18 Debtor has been able to increase the rent for the twenty spaces and the house and Debtor has no
19 vacancies at this time. All major repairs and upgrades to the Mobile Home Park have been
20 completed. A Summary of Debtor's Receipts and Disbursements from March 1, 2018 through
21 April 30, 2018 is included in the Exhibits to Debtor's Disclosure Statement Dated May 15,
22 2018 ("the Exhibits") on file herein as Exhibit "A".
23

24 Debtor has used revenue received from its business to pay \$16,500.00 to secured
25 creditors and pay ongoing business expenses since Debtor filed its Chapter 11 case. A list of
26 the creditors who have received payments since Debtor filed its Chapter 11 case is included in
27
28

1 the Exhibits as Exhibit "B". Debtor expects its business to be profitable in the future and
2 Debtor believes that it will be able to make the payments to creditors required by the Plan.

3 **3. Projected Post-Confirmation Income**

4 Debtor estimates that it will have gross revenue of about \$112,000.00 per year during
5 the Term of the Plan. A Budget for Business Income and Expenses ("the Budget") is included
6 in the Exhibits as Exhibit "C". Debtor believes the Budget is realistic and shows that Debtor
7 will generate sufficient income from which Debtor can operate its business and fund the Plan.
8

9 V.

10 **Significant Post-Petition Events**

11 The following significant events have occurred since Debtor filed its Voluntary
12 Petition:

13 **1. Continued Operation of Business**

14 Debtor has continued to operate its business and Debtor has operated its business at a
15 profit since Debtor filed its Chapter 11 case.

16 **2. Payments to Secured Creditors**

17 Debtor has made payments each month to secured creditors since filing its Chapter 11
18 case. The payments to secured creditors were made from income generated by the operation of
19 Debtor's business. Debtor's payments to secured creditors through May 15, 2018 totaled
20 \$16,500.00. Debtor's payments to secured creditors reduced the debt owed to the secured
21 creditors and helped to insure the survival of Debtor's business.
22

23 **3. Appointment of Committee of Unsecured Creditors**

24 The United States Trustee has not appointed a Committee of Unsecured Creditors ("the
25 Committee") in Debtor's case because Debtor has no unsecured creditors except for its
26 Shareholder.
27
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1 **4. Employment of Professionals**

2 Debtor obtained authorization from the Bankruptcy Court to employ the Law Offices of
3 Leonard K. Welsh to be its general counsel in its Chapter 11. Debtor has not hired any other
4 professionals in its Chapter 11 case and Debtor does not intend to hire any other professionals
5 before confirmation of the Plan.
6

7 **5. Motions for Relief from Automatic Stay**

8 There are no Motions for Relief from Automatic Stay filed or pending in Debtor's case.
9 Debtor does not believe that grounds exist for the granting of any such motions.

10 **6. Motions for Authority to Use Cash Collateral**

11 There have been no Motions for Authority to Use Cash Collateral filed in Debtor's case.
12 However, Debtor and Mr. Brent and Ms. Lipton reached an agreement concerning Debtor's use
13 of the creditors' cash collateral in Debtor's case. Debtor's agreement with Mr. Brent and Ms.
14 Lipton authorizes Debtor to use the creditors' cash collateral to pay expenses incurred by
15 Debtor's business and the administration of its Chapter 11 case through July 31, 2018.
16

17 **7. Administrative Matters**

18 Debtor has filed its Monthly Operating Reports and paid the Quarterly Fees owed to the
19 United States Trustee as required by the law since it filed its Chapter 11 case.
20

21 **8. Disclosure Statement and Plan of Reorganization**

22 Debtor has filed a Plan of Reorganization and Disclosure Statement Dated May 15,
23 2018. A hearing for approval of the Disclosure Statement is set for June 26, 2018. The
24 Bankruptcy Court will determine at that time if the Disclosure Statement contains "adequate
25 information" as required by 11 USC Section 1125.
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VI.

Financial Information**1. Liabilities as of the Petition Date and Effective Date****a. Creditors Having Administrative Claims**

Debtor has incurred Administrative Claims since the filing of its Voluntary Petition including fees owed to its attorney. Debtor estimates that the fees owed to its attorneys will be \$12,000.00 on the Effective Date of the Plan. Any unpaid Administrative Claims will be paid after Court approval if Court approval is required. Administrative Claims will be paid from (i) the retainer paid to Debtor's attorney or (ii) money received from the operation of Debtor's business. Debtor does not expect to have any Administrative Claims in its Chapter 11 case on the Effective Date of the Plan except for fees owed to its attorneys.

b. Creditors Holding Security

Debtor reported Secured Claims totaling \$825,762.89 on its Schedule D: Creditors Who Have Claims Secured by Property. See *Schedule D: Creditors Who Have Claims Secured by Property* filed by Debtor on February 6, 2018.

c. Unsecured Claims with Priority

Debtor reported no Priority Unsecured Claims on its Schedule E/F: Creditors Who Have Unsecured Claims - Part 1. See *Schedule E/F: Creditors Who Have Unsecured Claims -Part 1* filed by Debtor on February 6, 2018.

Debtor believes that there will be no Allowed Priority Unsecured Claims on the Effective Date of the Plan.

d. Unsecured Claims Without Priority

Debtor reported Unsecured Nonpriority Claims totaling \$24,000.00 on its Schedule E/F: Creditors Who Have Unsecured Claims – Part 2. See *Schedule E/F: Creditors Who Have*

1 *Unsecured Claims – Part 2 filed by Debtor on February 6, 2018.* Debtor's Shareholder is the
2 only unsecured creditor in Debtor's case.

3 e. Disputed Claims

4 Debtor does not have disputed claims listed the its Schedules of Assets and Liabilities
5 and Debtor does not expect to have any disputed claims in its case.

6 f. Allowance of Claims

7 Any claim not objected to by Debtor or another party in interest will be an Allowed
8 Claim in (a) the amount set forth in a Proof of Claim filed by or for a creditor or (b) scheduled
9 by Debtor. However, nothing contained in the Disclosure Statement will be deemed to be a
10 determination of the amount or allowance of a Claim.

11 The Plan sets (a) sixty (60) days after the Effective Date or (b) sixty (60) days after the
12 filing of an amended claim whichever is later as the deadline for Debtor to object to the
13 allowance of a claim. See Plan of Reorganization, Section 10.4 at Page 12.

14 2. Assets

15 a. Real Property

16 Debtor owns real property located at 1628 Inyo Street, Delano, California. Debtor's
17 real proeprty has a value of \$1,150,000.00 according to its Schedule A/B: Assets – Real and
18 Personal Property. See *Schedule A/B: Assets – Real and Personal Property* filed by Debtor on
19 February 6, 2018.

20 b. Personal Property

21 Debtor reported personal property valued at \$53,693.01 on its Amended Schedule A/B:
22 Assets – Real and Personal Property. See *Amended Schedule A/B: Assets – Real and Personal*
23 *Property* filed by Debtor on March 14, 2018. Debtor's personal property includes money owed
24 to Debtor it by its Shareholder.
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1 VII.

2 Tax Attributes

3 Debtor is an S Corporation for income tax purposes. Debtor has tax attributes including
4 depreciable assets. However, Debtor will not incur income tax liability during the term of the
5 Plan because it is an S Corporation.
6

7 VIII.

8 Preference and/or Avoidance Claims

9 Debtor does not believe that there is a basis for bringing any preference and/or
10 avoidance claims in its Chapter 11 case. This is true because Debtor believes that:

- 11 a. there were no material transfers of property outside of the ordinary
12 course of business before Debtor filed its Chapter 11 case,
13
14 b. it received fair market value in exchange for any property transferred in
15 the ordinary course of business before it filed its Chapter 11 case, and
16
17 c. any transfer of property or payments made to creditors or insiders before
18 Debtor filed its Chapter 11 case will not result in creditors receiving less than one-
19 hundred percent (100%) of their Allowed Claims based on (i) the payments provided in
20 the Plan and (ii) the value of Debtor's assets available for liquidation if the Plan fails
21 and Debtor is forced to liquidate.

22 IX.

23 Summary of the Plan of Reorganization

24 1. Generally

25 Debtor will operate its business after confirmation of the Plan. Debtor expects to be
26 profitable in the future. A Budget concerning Debtor's income and expenses is included in
27 the Exhibits as Exhibit "C". Debtor anticipates that its income and expenses will be stable and
28

1 consistent during the Term of the Plan and that it will generate sufficient revenue to make the
2 payments required by the Plan.

3 **2. General Treatment of Classes of Claims**

4 The Plan includes Ten Classes of Claims and Interests including:

- 5 a. one Class of priority unsecured claims (Class One),
- 6 b. four Classes of secured claims (Classes Two through Five),
- 7 c. two Classes of unsecured claims (Classes Six and Seven),
- 8 d. one Class for Debtor's executory contracts and unexpired leases (Class
9 Eight),
- 10 e. one class for the interest of Debtor's shareholder (Class Nine), and
- 11 f. one Class for Debtor's interests (Class Ten)

12 **The Plan provides for payment in full of all Allowed Claims during the Term of**
13 **the Plan and for Debtor's shareholder and Debtor to retain their interest in Debtor and**
14 **Debtor's assets except as modified by the Plan.** The Plan further provides that all secured
15 creditors will retain their liens against Debtor's real property in the same order and priority as
16 existed on the Petition Date until the secured claim is paid in full.

17 **3. Debtor's Interests.**

18 Debtor will retain its assets and will not be required to liquidate any of its assets during
19 the Term of the Plan. However, Debtor will have the right to sell any of its assets during the
20 Term of the Plan as Debtor deems to be prudent and/or necessary. Confirmation of the Plan
21 will vest all property of the estate in Debtor as provided in Section 1141(b) of the Code.
22 Debtor's assets shall revert in the bankruptcy estate if Debtor's case is converted to Chapter 7
23 at any time after confirmation of the Plan and before the Court enters a Final Decree.

24 **X.**

25 **Cash Requirements and Administrative Expenses**

26 The Plan contemplates that Debtor will have the money to pay its Administrative
27 Claims on the Effective Date of the Plan and its current expenses. Debtor expects to have cash
28 on hand on the Effective Date of the Plan from which Debtor can pay (a) administrative

1 expenses, (b) payments to creditors required by the Plan, and (c) ongoing business expenses.
2 Debtor will pay professional claims after approval from the Court from (a) a retainer paid to its
3 attorney or (b) income received by Debtor from the operation of its business.

4 As set forth in the Budget included in the Exhibits, Debtor's business operations will
5 yield adequate revenue to fund its business and pay creditors as required by the Plan.

6 XI.

7 Confirmation Requirements and Procedures

8 The Plan must meet the requirements listed in 11 USC Sections 1129(a) or (b) to be
9 confirmable. These include the requirements that (a) the Plan must be proposed in good faith,
10 (b) at least one impaired class of claims must accept the plan without counting votes of
11 insiders, (c) the Plan must distribute to each creditor and equity interest holder at least as much
12 as the creditor or equity interest holder would receive in a Chapter 7 liquidation case unless the
13 creditor or equity interest holder votes to accept the Plan, and (d) the Plan must be feasible.
14 However, these requirements are not the only requirements listed in 11 USC Section 1129 and
15 they are not the only requirements for confirmation. Debtor will request confirmation under 11
16 USC Sections 1129(a) or (b).

17 1. Who May Vote or Object?

18 Any party in interest may object to the confirmation of the Plan if the party believes that
19 the requirements for confirmation are not met.

20 Some parties in interest are not entitled to vote to accept or reject the Plan. A creditor
21 or equity interest holder has a right to vote for or against the Plan only if that creditor or equity
22 interest holder has a claim or equity interest that is both (a) allowed or allowed for voting
23 purposes and (b) impaired. Debtor believes there are three classes of claims that are impaired
24 under the Plan.

25 2. What Is an Allowed Claim or an Allowed Equity Interest

26 Only a creditor or equity interest holder with an Allowed Claim or an allowed equity
27 interest has the right to vote on the Plan. Generally, a Claim or equity interest is allowed if (a)
28 Debtor has scheduled the claim on Debtor's Schedules unless the Claim has been scheduled as

1 disputed, contingent, or unliquidated, or (b) the creditor has filed a Proof of Claim or equity
2 interest unless an objection has been filed to such Proof of Claim or equity interest. When a
3 Claim or equity interest is not allowed, the creditor or equity interest holder holding the Claim
4 or interest cannot vote unless the Court overrules the objection or allows the Claim or equity
5 interest for voting purposes pursuant to Federal Rules of Bankruptcy Procedure Rule 3018(a).

6 *The deadline for filing a Proof of Claim for non-governmental agencies in this case is*
7 *June 12, 2018.*

8 *The deadline for filing a Proof of Claim for governmental agencies in this case is*
9 *August 6, 2018.*

10 3. What Is an Impaired Claim or Impaired Equity Interest?

11 The holder of an Allowed Claim or equity interest has the right to vote only if it is in a
12 Class that is *impaired* under the Plan. As provided in 11 USC Section 1124, a Class is
13 considered impaired if the Plan alters the legal, equitable, or contractual rights of the members
14 of that Class.

15 4. Who is Not Entitled to Vote?

16 Holders of the following types of Claims and equity interests are *not* entitled to vote:

- 17 • holders of Claims and equity interests that have been disallowed by an order of
18 the Court;
- 19 • holders of other Claims or equity interests that are not “Allowed Claims” or
20 “allowed equity interests” unless they have been “allowed” for voting purposes;
- 21 • holders of Claims or equity interests in unimpaired classes;
- 22 • holders of Claims entitled to priority pursuant to 11 USC Sections 507(a)(2),
23 (a)(3), and (a)(8);
- 24 • holders of Claims or equity interests in classes that do not receive or retain any
25 value under the Plan; and
- 26 • administrative expenses.

27 *You Have a Right to Object to the Confirmation of the Plan Even If You Are Not Entitled to*
28 *Vote on the Plan.*

5. Who Can Vote in More Than One Class?

A creditor whose Claim has been allowed in part as a secured claim and in part as an
unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject
a Plan in each capacity and should cast one ballot for each claim.

1 **6. Votes Necessary to Confirm the Plan**

2 The Court cannot confirm the Plan unless (a) at least one impaired class of creditors has
3 accepted the Plan without counting the votes of any insiders within that class, and (b) all
4 impaired classes have voted to accept the Plan unless the Plan is eligible to be confirmed by
5 “cram down” on non-accepting classes as discussed in Paragraph b below.

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

7 A class of claims accepts the Plan if both of the following occur: (a) the holders of more
8 than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the
9 Plan, and (b) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in
10 the class, who vote, cast their votes to accept the Plan.

11 A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in
12 amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

13 **b. Treatment of Non-Accepting Classes**

14 Even if one or more impaired classes reject the Plan, the Court may confirm the Plan if
15 the non-accepting classes are treated in the manner prescribed by 11 USC Section 1129(b). A
16 plan that binds non-accepting classes is commonly referred to as a “cram down” plan. The
17 Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all
18 the requirements for consensual confirmation except the voting requirements of 11 USC Section
19 1129(a)(8), does not “discriminate unfairly,” and is “fair and equitable” toward each impaired
20 class that has not voted to accept the Plan.

21 To the extent any Class impaired under the Plan and entitled to vote does not accept the
22 Plan by the requisite statutory majority provided in 11 USC Section 1126(c) as discussed
23 above, or is deemed to have rejected the Plan, Debtor will request confirmation of the Plan
24 under 11 USC Section 1129(b).

25 **c. Application of the Absolute Priority Rule**

26 In corporate Chapter 11 cases, classes of creditors must consent to their treatment under
27 the Plan or receive payment in full before any junior class of creditors receive anything under
28 the Plan. This is called the “Absolute Priority Rule.” Debtor does not believe the Absolute

1 Priority Rule applies because the Plan provides for payment in full of all Allowed Claims.
2 However, Debtor will seek confirmation of the Plan under the “cram down” provisions of 11
3 USC Section 1129(b) if the Court determines the Absolute Priority rule does apply in this case.

4 **XII.**

5 **Chapter 7 Comparison and Liquidation Analysis**

6 Creditors will receive a dividend equal to or greater than the dividend that would be
7 paid to creditors in a Chapter 7 case. This is true because the Plan provides for payment in full
8 of all Allowed Claims and it is not certain that a Chapter 7 Trustee could sell the Mobile Home
9 Park for an amount sufficient to satisfy in full all Allowed Claims. Additionally, the Plan
10 provides for payment of interest on Allowed Claims either at the rates required by the law or
11 the rate required by Mr. Brent and Ms. Lipton’s Promissory Note Secured by Deed of Trust.

12 **XIII.**

13 **Discharge**

14 Confirmation of the Plan discharges any debt provided for in the Plan as provided in
15 Section 1141(d)(5) of the Code.

16 **XIV.**

17 **Management Compensation**

18 Debtor will continue to operate its business during the Term of the Plan. Debtor will be
19 managed by Doris L. Bealer during the Term of the Plan. Debtor will not pay wages to Ms.
20 Bealer during the Term of the Plan. However, Debtor will pay a management fee of \$550.00
21 per month to Giocoso Management, Inc. during the Term of the Plan. Giocoso Management,
22 Inc. is an entity owned by Ms. Bealer.

23 **XV.**

24 **Insider Claims**

25 Debtor’s Shareholder has a claim against Debtor for \$24,000.00. Debtor’s
26 Shareholder’s claim will be extinguished and offset against money owed to Debtor by the
27 Shareholder and Debtor’s Shareholder will not receive any payment from Debtor on her claim
28 against the corporation.

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XVI

Creditor Risks

There is risk to creditors with the confirmation of the Plan. The primary risk is Debtor's failing to complete the payments required by the Plan. Debtor believes the benefits associated with the Plan outweigh the risks associated with the Plan and the Plan represents the best chance for all creditors to receive payment in full of the debt owed to them, while, at the same time, achieving the two primary objectives of Chapter 11 : (1) the resolution of disputes and (2) payment to creditors. See In re Kemp, 134 BR 413, 415 (Bankr. ED CA 1991).

XVII.

Alternatives to the Plan

Dismissal of the case or conversion to Chapter 7 are alternatives available to Debtor if the Plan is not confirmed. Confirmation of the Plan is preferable to the dismissal of Debtor's case because dismissal would result in a foreclosure against the Mobile Home Park and the termination of Debtor's business. Additionally, Mr. Brent and Ms. Lipton would be forced to repay the KCTTC's claims if the Chapter 11 case is dismissed and Mr. Brent and Ms. Lipton foreclose against the Mobile Home Park. This is true because some of the debt owed to the KCTTC is more than five years old and Mr. Brent and Ms. Lipton would be forced to pay the KCTTC's claims to stop a sale of the Mobile Home Park for payment of defaulted taxes if the Chapter 11 case is dismissed. See Revenue and Taxation Code Sections 3691 and 3692.

Debtor does not believe that Chapter 7 is a better alternative to Debtor's Chapter 11 case. The Plan provides for payment in full of all allowed claims and there is no guarantee that a Chapter 7 Trustee could sell the Mobile Home Park for an amount sufficient to satisfy in full all allowed claims. Debtor believes that it would be difficult for a Chapter 7 Trustee to sell the Mobile Home Park for an amount sufficient to satisfy in full (a) all allowed claims, (b) the cost of sale, and (c) the administrative expenses associated with a Chapter 7 case. For that reason, Debtor believes that the Plan represents the best alternative available to all parties concerned.

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For the foregoing reasons, Debtor believes that the Plan proposes the best treatment of creditors possible under the circumstances of this case and believes creditors should vote in favor of the Plan.

Date: May 15, 2018

HELP KIDS, INC.

By /s/ Doris L. Bealer
DORIS L. BEALER
President

APPROVED:

LAW OFFICES OF LEONARD K. WELSH

By /s/ Leonard K. Welsh
LEONARD K. WELSH
Attorneys for Debtor-in-Possession