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Attorneys for  
BRADLEY SHARP, Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
SACRAMENTO DIVISION

DOWNEY BRAND LLP

In re:  
  
CS360 Towers, LLC,  
  
Debtor.

Case No. 17-20731  
Chapter Number: 11  
DCN: DB-032

**DISCLOSURE STATEMENT UNDER 11 U.S.C.  
§ 1125 IN SUPPORT OF CHAPTER 11 PLAN**

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**ARTICLE I**

**INTRODUCTION**

Bradley Sharp, in his capacity as Chapter 11 Trustee (“Trustee”) for the estate of CS360 Towers, LLC (“CS360” or “Debtor”), submits this Disclosure Statement pursuant to Bankruptcy Code Section 1125 in support of CS360 Towers, LLC’s Chapter 11 Plan Dated November 14, 2018 (the “Plan”).

This Disclosure Statement sets forth certain information regarding the pre-petition operations and financial history of the Debtor, events leading to the Debtor’s bankruptcy, significant events that have occurred in the Bankruptcy Case, and the means for satisfying creditors’ claims and liquidating the Debtor’s assets. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. Additionally, this Disclosure Statement discusses the confirmation process and the voting procedures and requirements for voting on the Plan.

**A. Summary of Distributions Under the Plan**

Claims filed in this Bankruptcy Case totaled \$21,425,507.61.<sup>1</sup> Currently, the Trustee estimates (as of the filing of the motion to approve this Disclosure Statement) that approximately \$1,635,864 in secured claims remain,<sup>2</sup> and \$11,637,368 in general unsecured claims remain.<sup>3</sup>

Claims will be paid and the Debtor’s remaining assets will be liquidated for the benefit of its creditors, as further set forth below. A copy of the Plan is attached hereto as Exhibit A.

**B. Filing of the Debtor’s Bankruptcy Case**

On February 3, 2017, the Debtor filed a voluntary Chapter 11 petition in the Bankruptcy Court. On March 27, 2017, the Bankruptcy Court appointed Bradley Sharp as Chapter 11 Trustee. A Creditors’ Committee was not appointed.

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<sup>1</sup> See, Claims Register, face amounts only.

<sup>2</sup> Note that creditor Mohan Passi and/or his family Trust have asserted, to the Trustee, a security interest in the proceeds of the estate’s court-approved settlement with Ronald Elvidge, as further described herein.

<sup>3</sup> Note that this amount is subject to potential reduction following claims objections. Note also that these amounts are as reflected in the Monthly Operating Reports subject to reclassification following (1) expected paydowns of secured claims, and (2) reclassification of undersecured claims to unsecured claims, following unit sales.

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1           **C. Purpose of Disclosure Statement**

2           This Disclosure Statement is submitted in accordance with Bankruptcy Code Section 1125  
 3 for the purpose of soliciting acceptances of the Plan from interested parties entitled to vote on the  
 4 Plan pursuant to the Bankruptcy Code. Acceptances of the Plan are being sought only from  
 5 parties that hold claims or interests that are “impaired” (as that term is defined in Bankruptcy  
 6 Code Section 1124) by the Plan and who are receiving or retaining property under the Plan.

7           The Trustee has prepared this Disclosure Statement pursuant to Bankruptcy Code Section  
 8 1125, which requires that a copy of the Plan, or a summary thereof, be submitted to holders of  
 9 Claims against, and Equity interests in, the Debtor, along with a written disclosure statement.

10           This Disclosure Statement was approved by the Bankruptcy Court on \_\_\_\_\_, 2018.  
 11 Such approval is required by the Bankruptcy Code, and does not constitute a judgment by the  
 12 Bankruptcy Court as to the desirability of the Plan or the value or suitability of any consideration  
 13 offered under the Plan. Such approval does indicate, however, that the Bankruptcy Court has  
 14 determined that the Disclosure Statement meets the requirements of Bankruptcy Code Section  
 15 1125 and contains adequate information to permit the claimholders and interestholders whose  
 16 acceptance of the Plan is solicited to make an informed judgment regarding acceptance or  
 17 rejection of the Plan.

18           **THE APPROVAL BY THE BANKRUPTCY COURT OF**  
 19 **THIS DISCLOSURE STATEMENT DOES NOT**  
 20 **CONSTITUTE AN ENDORSEMENT BY THE**  
 21 **BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE**  
 22 **OF THE ACCURACY OR COMPLETENESS OF THE**  
 23 **INFORMATION CONTAINED HEREIN. THE MATERIAL**  
 24 **CONTAINED IN THIS DISCLOSURE STATEMENT IS**  
 25 **INTENDED SOLELY FOR THE USE OF CLAIMHOLDERS**  
 26 **IN EVALUATING THE PLAN AND VOTING TO ACCEPT**  
 27 **OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT**  
 28 **BE RELIED ON FOR ANY PURPOSE OTHER THAN THE**  
**DETERMINATION OF HOW TO VOTE ON, OR WHETHER**  
**TO OBJECT TO, THE PLAN. THE LIQUIDATION OF THE**  
**DEBTOR PURSUANT TO THE PLAN IS SUBJECT TO**  
**NUMEROUS CONDITIONS AND VARIABLES, AND**  
**THERE CAN BE NO ABSOLUTE ASSURANCE THAT THE**  
**PLAN, AS CONTEMPLATED, WILL BE EFFECTUATED.**

27           **THE TRUSTEE BELIEVES THAT THE PLAN AND THE**  
 28 **PROPOSED TREATMENT OF CLAIMS AND EQUITY**  
**INTERESTS IS IN THE BEST INTERESTS OF**

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**CLAIMHOLDERS, AND THEREFORE URGES YOU TO VOTE TO ACCEPT THE PLAN.**

**THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS IT PASSED ON THE ACCURACY OR INADEQUACY OF THE STATEMENTS CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PLAN SHOULD BE REVIEWED CAREFULLY.**

**NEITHER THE FILING OF THE PLAN NOR ANY STATEMENT OR PROVISION CONTAINED IN THE PLAN OR IN THE DISCLOSURE STATEMENT, NOR THE TAKING BY ANY PARTY IN INTEREST OF ANY ACTION WITH RESPECT TO THE PLAN, SHALL (i) BE OR BE DEEMED TO BE AN ADMISSION AGAINST INTEREST AND (ii) UNTIL THE EFFECTIVE DATE, BE OR BE DEEMED TO BE A WAIVER OF ANY RIGHTS ANY PARTY IN INTEREST MAY HAVE (a) AGAINST ANY OTHER PARTY IN INTEREST OR (b) IN ANY OF THE ASSETS OF ANY OTHER PARTY IN INTEREST, AND, UNTIL THE EFFECTIVE DATE, ALL SUCH RIGHTS ARE SPECIFICALLY RESERVED.**

**D. Hearing on Confirmation of the Plan**

The Bankruptcy Court has set \_\_\_\_\_, 201\_, at \_\_\_\_\_ a.m/p.m., Pacific Time (i.e., California time), as the time and date for the hearing to determine whether the Plan has been accepted by the creditors holding the requisite number and dollar amount of Claims and whether the other requirements for confirmation of the Plan have been satisfied. If the Plan is rejected by one or more Impaired Classes of Claims, the Bankruptcy Court may still confirm the Plan, or a modification thereof, under Bankruptcy Code Section 1129(b) (commonly referred to as a “cramdown”) if it determines, among other things, that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting Class or Classes of Claims impaired under the Plan. The procedures and requirements for voting on the Plan are described in more detail below.

**E. Sources of Information**

Except as otherwise expressly indicated, the portions of this Disclosure Statement describing the Debtor, its business, and management have been prepared from information furnished by the Trustee and his professionals.

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1 Certain of the materials contained in this Disclosure Statement are taken directly from  
 2 other readily accessible documents or are digests of other documents. While the Trustee has  
 3 made every effort to retain the meaning of such other documents or portions that have been  
 4 summarized, he urges that any reliance on the contents of such other documents should depend on  
 5 a thorough review of the documents themselves. In the event of a discrepancy between this  
 6 Disclosure Statement and the actual terms of a document, the actual terms of the document shall  
 7 govern and apply.

8 The statements contained in this Disclosure Statement are made as of the date hereof  
 9 unless another time is specified, and neither the delivery of this Disclosure Statement nor any  
 10 exchange of rights made in connection with it shall, under any circumstances, create an  
 11 implication that there has been no change in the facts set forth herein since the date of this  
 12 Disclosure Statement.

13 **ARTICLE II**

14 **EXPLANATION OF CHAPTER 11**

15 **A. Overview of Chapter 11**

16 Chapter 11 is the principle reorganization chapter of the Bankruptcy Code. Under  
 17 Chapter 11, a Debtor-in-possession attempts to reorganize its business and financial affairs for the  
 18 benefit of the Debtor, its creditors, and other interested parties. A business and its assets may also  
 19 be liquidated by way of a Chapter 11 Plan.

20 The commencement of a Chapter 11 case creates an estate comprising all of the Debtor’s  
 21 legal and equitable interests in property as of the date the petition is filed.

22 The filing of a Chapter 11 petition also triggers the automatic stay under Bankruptcy Code  
 23 Section 362. The automatic stay essentially halts all attempts to collect pre-petition claims from  
 24 the Debtor or to otherwise interfere with the Debtor’s business or its bankruptcy estate.

25 Formulation of a Chapter 11 plan is the principal purpose of a Chapter 11 case. The plan  
 26 sets forth the means for satisfying the claims of creditors against, and interests of equity security  
 27 holders in, the Debtor. A plan may provide for the liquidation of the Debtor's business or assets,  
 28 rather than its continuation in operation.

1           **B. Chapter 11 Plan**

2           After a plan has been filed, and a disclosure statement describing it has been approved, the  
3 holders of claims against, or equity interests in, a Debtor are permitted to vote on whether to  
4 accept or reject the plan. Chapter 11 does not require that each holder of a claim against, or  
5 equity interest in, a Debtor vote in favor of a plan in order for the plan to be confirmed. At a  
6 minimum, however, a plan must be accepted by a majority in number and two-thirds in dollar  
7 amount of those claims actually voting from at least one class of claims impaired under the plan.  
8 The Bankruptcy Code also defines acceptance of a plan by a class of equity interests as  
9 acceptance by holders of two-thirds of the number of shares actually voted.

10           Classes of claims or equity interests that are not “impaired” under a Chapter 11 plan are  
11 conclusively presumed to have accepted the plan, and therefore are not entitled to vote. A class is  
12 “impaired” if the plan modifies the legal, equitable, or contractual rights attaching to the claims or  
13 equity interests of that class. Conversely, classes of claims or equity interests that receive or  
14 retain no property under a Chapter 11 plan are conclusively presumed to have rejected the plan,  
15 and therefore are not entitled to vote.

16           Even if all classes of claims and equity interests accept a Chapter 11 plan, the Bankruptcy  
17 Court may nonetheless deny confirmation. Bankruptcy Code Section 1129 sets forth the  
18 requirements for confirmation and, among other things, requires that a plan be in the “best  
19 interests” of impaired and dissenting creditors and interest holders and that the plan be feasible.  
20 The “best interests” test generally requires that the value of the consideration to be distributed to  
21 impaired and dissenting creditors and interest holders under a plan may not be less than what  
22 those parties would receive if the Debtor were liquidated under a hypothetical liquidation  
23 occurring under Chapter 7 of the Bankruptcy Code. A plan must also be determined to be  
24 “feasible,” which generally requires a finding that there is a reasonable probability that the Debtor  
25 will be able to perform the obligations incurred under the plan and that the Debtor will not need  
26 further financial reorganization or liquidation other than as provided under the plan.

27           The Bankruptcy Court may confirm a Chapter 11 plan even though fewer than all of the  
28 classes of impaired claims and equity interests accept it. The Court may do so under the



1 “cramdown” provisions of Bankruptcy Code Section 1129(b). In order for a plan to be confirmed  
 2 under the cramdown provisions, despite the rejection of a class of impaired claims or interests, the  
 3 proponent of the plan must show, among other things, that the plan does not discriminate unfairly  
 4 and that it is fair and equitable with respect to each impaired class of claims or equity interests  
 5 that has not accepted the plan.

6 The Bankruptcy Court must further find that the economic terms of the particular plan  
 7 meets the specific requirements of Bankruptcy Code Section 1129(b) with respect to the subject  
 8 objecting class. If the proponent of the plan proposes to seek confirmation of the plan under the  
 9 provisions of Bankruptcy Code Section 1129(b), the proponent must also meet all applicable  
 10 requirements of Bankruptcy Code Section 1129(a) (except Section 1129(a)(8)). Those  
 11 requirements include the requirements that (i) the plan comply with applicable Bankruptcy Code  
 12 provisions and other applicable law, (ii) that the plan be proposed in good faith, and (iii) that at  
 13 least one impaired class of creditors or interestholders has voted to accept the plan.

### 14 ARTICLE III

#### 15 VOTING PROCEDURES AND CONFIRMATION REQUIREMENTS

##### 16 **A. Ballots and Voting Deadline**

17 A Ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement,  
 18 and is being mailed to interested parties (or their authorized representatives) entitled to vote.  
 19 After carefully reviewing the Disclosure Statement, including all exhibits, each interested party  
 20 entitled to vote should indicate its vote on the enclosed Ballot.

21 The Bankruptcy Court has directed that, in order to be counted for voting purposes,  
 22 Ballots for the acceptance or rejection of the Plan must be received no later than \_\_\_\_\_, 201\_\_ at  
 23 5:00 p.m., Pacific Time (the “Voting Deadline”), by the attorneys for the Trustee. Instructions for  
 24 filling out and submitting your ballot are set forth on the Ballot. Please review and follow those  
 25 instructions carefully.

26 All interested parties entitled to vote must:

- 27  carefully review the Ballot, including the instructions set forth on the Ballot;  
 28  sign the Ballot; and

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1           □       return it to the address indicated on the ballot by the Voting Deadline for the Ballot  
2                   to be considered.

3                   **BALLOTS MUST BE RECEIVED NO LATER THAN**  
4                   **\_\_\_\_\_, 201\_ AT 5:00 P.M., PACIFIC TIME. ANY**  
5                   **BALLOTS RECEIVED AFTER THE VOTING DEADLINE**  
6                   **WILL NOT BE COUNTED. IF YOUR BALLOT IS**  
7                   **DAMAGED OR LOST, YOU MAY REQUEST A**  
8                   **REPLACEMENT BALLOT BY SENDING A WRITTEN**  
9                   **REQUEST TO THE ATTORNEYS FOR THE TRUSTEE.**

10           **B.       Claimholders Entitled to Vote**

11           Any interested party with a Claim that is impaired under the Plan is entitled to vote if  
12           either (i) the Debtor or the Trustee has scheduled the Claim in the Debtor’s Schedules of Assets  
13           and Liabilities (the “Schedules”) (and such Claim is not scheduled as disputed, contingent, or  
14           unliquidated) or (ii) the holder of the claim has filed a proof of claim on or before the Claims Bar  
15           Date. Returning the Ballot does not constitute filing a proof of claim.

16           Any holder of a Claim to which an objection has been timely filed (and such objection is  
17           still pending on the date the Ballots are due) is not entitled to vote, unless the Bankruptcy Court,  
18           on motion filed by such party whose claim is subject to an objection, temporarily allows the  
19           Claim in a specific amount for the purpose of accepting or rejecting the Plan. Such motion must  
20           be heard and determined by the Bankruptcy Court before the Confirmation of the Plan. A vote  
21           may be disregarded if the Bankruptcy Court determines that the claimholder’s or interestholder’s  
22           acceptance or rejection was not solicited or procured in good faith or in accordance with the  
23           applicable provisions of the Bankruptcy Code.

24           Under Bankruptcy Code Section 1126(f), a class that is not impaired under a Chapter 11  
25           plan, and each holder of a Claim in such class, are conclusively presumed to have accepted the  
26           Chapter 11 plan. Under Bankruptcy Code Section 1126(g), a class is deemed not to have  
27           accepted a Chapter 11 plan if the holders of Claims in such class do not receive or retain any  
28           property under the Chapter 11 plan on account of such Claims. Holders of Claims that are  
                unimpaired under the Plan, or that are not entitled to receive or retain any property under the Plan,  
                are not entitled to vote to accept or reject the Plan.



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**C. Bar Date for Filing Proofs of Claim**

The Bankruptcy Court established June 8, 2017, as the deadline for filing proofs of claim and proof of interests in the Bankruptcy Case by non-government parties.

**D. Definition of Impairment**

Under Bankruptcy Code Section 1124, a class of Claims or Equity Interests is impaired under a Chapter 11 plan unless, with respect to each Claim or Equity Interests of such class, the plan:

- (a) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity interest; or
- (b) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or equity interest to receive accelerated payment of such claim or equity interest after the occurrence of a default:
  - (i) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Bankruptcy Code Section 365(b)(2);
  - (ii) reinstates the maturity of such claim or equity interest as it existed before the default;
  - (iii) compensates the holder of such claim or equity interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and
  - (iv) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

1           **E.       Classes Impaired Under the Plan**

2           Claims or Equity Interests in Classes 1, 2A, 2B, 2C, 4, 5, and 6 are impaired under the  
3 Plan. Therefore, holders of those Claims and Equity Interests are eligible to vote to accept or  
4 reject the Plan.

5           Claims or Equity Interests in Class 3 are unimpaired under the Plan, and therefore holders  
6 of those Claims are conclusively presumed to have accepted the Plan pursuant to Bankruptcy  
7 Code Section 1126(f). Accordingly, the Trustee will not be soliciting votes from holders of  
8 Claims or Equity Interests in Class 3.

9           **F.       Vote Required for Class Acceptance**

10          The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by  
11 holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of  
12 that class that actually cast ballots for acceptance or rejection of the Plan; that is, acceptance by a  
13 class takes place only if creditors holding Claims constituting at least two-thirds in dollar amount  
14 of the total amount of Claims and more than one-half in number of the creditors actually voting  
15 cast their ballots in favor of acceptance.

16          The Bankruptcy Code defines acceptance of a plan by a class of Equity Interests as  
17 acceptance by holders of at least two-thirds in amount of the allowed Equity Interests of that  
18 class.

19          **G.       Information on Voting and Ballots**

20               **(1)       Transmission of Ballots to Claimholders and Interestholders**

21          Ballots are being forwarded to interested parties in accordance with the Bankruptcy Rules  
22 and the orders of the Bankruptcy Court. Interested parties holding Claims that are unimpaired  
23 under the Plan are conclusively presumed to have accepted the Plan under Bankruptcy Code  
24 Section 1126(f), and therefore need not vote concerning the Plan.

25               **(2)       Ballot Tabulation Procedures**

26          Any timely received Ballot that contains sufficient information to permit the identification  
27 of the Claimant and is cast as an acceptance or rejection of the Plan will be counted and be  
28 deemed to be cast as an acceptance or rejection, as the case may be, of the Plan.

1 Ballots that fall within the following categories will not be counted or considered for any  
2 purpose in determining whether the Plan has been accepted or rejected, except as specified:

- 3 (a) Any Ballot received after the Voting Deadline unless the Trustee or  
4 Court shall have granted an extension in writing of the Voting  
5 Deadline with respect to such Ballot;
- 6 (b) Any Ballot that is illegible or contains insufficient information to  
7 permit the identification of the claimant;
- 8 (c) Any Ballot cast by a Person or entity that does not hold a Claim in a  
9 Class that is entitled to vote to accept or reject the Plan as of the  
10 Voting Deadline;
- 11 (d) Any duplicate Ballot will only be counted once;
- 12 (e) Any Ballot that is unsigned, or signed by someone other than the  
13 holder of the Claim (or its authorized representative); or
- 14 (f) At the Trustee's election, any acceptance or rejection submitted on  
15 something other than the Ballot form provided by the Trustee and  
16 approved pursuant to the order approving the Disclosure Statement.

17 The Trustee believes that the foregoing proposed procedures provide for a fair and  
18 equitable voting process, that is consistent with applicable law and rules.

19 Whenever two or more Ballots are cast voting the same claim prior to the deadline for  
20 voting, the latest dated Ballot that is timely received will be deemed to reflect the voter's intent  
21 and thus to supersede any prior Ballots. This procedure is without prejudice to the Trustee's right  
22 to object to the validity of the second Ballot on any basis permitted by law and, if the objection is  
23 sustained, to count the first Ballot for all purposes. This procedure of counting the last Ballot is  
24 consistent with practice under various state and federal corporate and securities laws.

25 Furthermore, the Trustee proposes that in his sole discretion he can agree to allow a Creditor to  
26 change its vote after the Voting Deadline without further order of the Court.

27 Claim splitting is not permitted and creditors who vote must vote all of their Claims  
28 within a particular class to either accept or reject the Plan.



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**(5) Withdrawal of Ballots and Revocation**

Except as otherwise directed by the Bankruptcy Court after notice and a hearing, any holder of a Claim (or its authorized representative) in an Impaired Class who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Trustee's counsel at any time before the deadline for voting on the Plan.

To be valid, a notice of withdrawal must:

- (a) contain the description of the Claims to which it relates and the aggregate principal amount or number of shares represented by such Claims;
- (b) be signed by the Claimholder (or its authorized representative) in the same manner as the Ballot; and
- (c) be received by the Trustee's Counsel in a timely manner at the address specified in the ballot instructions for the submission of Ballots.

The Trustee expressly reserves the absolute right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots that is not received in a timely manner by the Trustee's counsel will not be effective to withdraw a previously furnished Ballot.

Any holder of a Claim (or its authorized representative) who has previously submitted a properly completed Ballot before the Voting Deadline may revoke such Ballot and change its vote by submitting before the Voting Deadline a subsequent, properly completed Ballot for acceptance or rejection of the Plan. In addition, if a holder of a Claim submits a valid notice of withdrawal prior to the deadline for voting on the Plan, such holder may submit a new Ballot, and such Ballot will be counted so long as it is received prior to the deadline for voting on the Plan.

1           **H. Confirmation of Plan**

2                   **(1) Solicitation of Acceptances**

3           The Trustee is soliciting your vote in favor of acceptance of the Plan.

4                   **NO REPRESENTATIONS OR ASSURANCES, IF ANY,**  
 5                   **CONCERNING THE TRUSTEE OR THE PLAN ARE**  
 6                   **AUTHORIZED BY THE TRUSTEE, OTHER THAN AS SET**  
 7                   **FORTH IN THIS DISCLOSURE STATEMENT. THIS IS A**  
 8                   **SOLICITATION SOLELY BY THE TRUSTEE, AND IS NOT**  
 9                   **A SOLICITATION BY ANY SHAREHOLDER, ATTORNEY,**  
 10                   **ACCOUNTANT, OR OTHER PROFESSIONAL FOR THE**  
 11                   **TRUSTEE.**

12                   **THE REPRESENTATIONS, IF ANY, MADE IN THIS**  
 13                   **DISCLOSURE STATEMENT ARE THOSE OF THE**  
 14                   **TRUSTEE AND NOT OF SUCH SHAREHOLDERS,**  
 15                   **ATTORNEYS, ACCOUNTANTS, OR OTHER**  
 16                   **PROFESSIONALS, EXCEPT AS MAY BE OTHERWISE**  
 17                   **SPECIFICALLY AND EXPRESSLY INDICATED.**

18           Under the Bankruptcy Code, a vote for acceptance or rejection of a plan may not be  
 19           solicited unless the claimant has received a copy of a disclosure statement approved by the  
 20           Bankruptcy Court prior to, or concurrently with, such solicitation. This solicitation of votes on  
 21           the Plan is governed by Bankruptcy Code Section 1125(b). Violation of Bankruptcy Code  
 22           Section 1125(b) may result in sanctions by the Bankruptcy Court, including disallowance of any  
 23           improperly solicited vote.

24                   **(2) Requirements for Confirmation of the Plan**

25           At the Confirmation Hearing, the Bankruptcy Court shall determine whether the  
 26           requirements of Bankruptcy Code Section 1129 have been satisfied, in which event the  
 27           Bankruptcy Court shall enter an order confirming the Plan. For the Plan to be confirmed,  
 28           Bankruptcy Code Section 1129 requires, except to the extent that the cramdown provisions of  
 Section 1129(b) of the Bankruptcy Code apply, that:

- 25                   (a) The Plan complies with the applicable provisions of the Bankruptcy  
 26                   Code;
- 27                   (b) The Trustee has complied with the applicable provisions of the  
 28                   Bankruptcy Code;



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- 1 (c) The Plan has been proposed in good faith and not by any means  
2 forbidden by law;
- 3 (d) Any payment or distribution made or promised by the Trustee or by  
4 a person issuing securities or acquiring property under the Plan for  
5 services or for costs and expenses in connection with the Plan has  
6 been disclosed to the Bankruptcy Court, and any such payment  
7 made before the confirmation of the Plan is reasonable, or if such  
8 payment is to be fixed after confirmation of the Plan, such payment  
9 is subject to the approval of the Bankruptcy Court as reasonable;
- 10 (e) The Trustee has disclosed the identity and affiliation of any  
11 individual proposed to serve, after confirmation of the Plan, as a  
12 director, officer or voting trustee of the Debtor, an affiliate of the  
13 Debtor participating in a joint plan with the Debtor, or a successor  
14 to the Debtor under the Plan; the appointment to, or continuance in,  
15 such office of such individual is consistent with the interests of  
16 creditors and interest holders and with public policy; and the  
17 Trustee has disclosed the identity of any insider that will be  
18 employed or retained by the reorganized Debtor and the nature of  
19 any compensation for such insider;
- 20 (f) Any government regulatory commission with jurisdiction (after  
21 confirmation of the Plan) over the rates of the Debtor has approved  
22 any rate change provided for in the Plan, or such rate change is  
23 expressly conditioned on such approval;
- 24 (g) With respect to each impaired Class of Claims or Equity Interests,  
25 either each holder of a Claim or Equity Interest of the Class has  
26 accepted the Plan, or will receive or retain under the Plan on  
27 account of that Claim or Equity Interest, property of a value, as of  
28 the effective date of the Plan, that is not less than the amount that

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such holder would so receive or retain if the Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code. If Bankruptcy Code Section 1111 (b)(2) applies to the Claims of a Class, each holder of a Claim of that Class will receive or retain under the Plan on account of that Claim property of a value, as of the Effective Date, that is not less than the value of that holder's interest in the estate's interest in the property that secures that claim;

- (h) Each Class of Claims or Equity Interests has either accepted the Plan or is not impaired under the Plan;
- (i) Except to the extent that the holder of a particular Allowed Administrative Claim, Allowed Priority Unsecured Tax Claim, or Allowed Priority Unsecured Non-Tax Claim has agreed to a different treatment of its Claim, the Plan provides that such Claims shall be paid in full on the later of the Effective Date or ten (10) days after the Allowance Date;
- (j) If a Class of Claims or Equity Interests is impaired under the Plan, at least one such Class of Claims or Equity Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim or Equity Interest of that Class; and
- (k) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

The Trustee believes that the Plan satisfies all of the statutory requirements of the Bankruptcy Code for confirmation and that the Plan was proposed in good faith. The Trustee believes it has complied, or will have complied, with all the requirements of the Bankruptcy Code governing confirmation of the Plan.





1           **C. Former Management**

2           Prepetition, the Debtor was managed by Raymond Sahadeo and Mark Chisick. Prior to  
3 the bankruptcy filing, the Debtor's management fell into dispute, and associated litigation, which,  
4 in part, led to the bankruptcy filing. As a result of that management dispute, among other things,  
5 the Bankruptcy Court appointed the Trustee, who, since appointment, has been managing the  
6 bankruptcy estate.

7           **D. Current Financial Information**

8           The Debtor's Monthly Operating Report for the month of September 2018 (not including  
9 its internal exhibits) is attached hereto as Exhibit B ("MOR"). The MOR shows cash in the bank  
10 of \$1,704,943. Remaining secured claims total \$1,635,864, and unsecured claims (both disputed  
11 and undisputed, and as adjusted following entry of orders on claims objections) total \$11,637,368.

12           As of the date of the filing of the motion to approve Disclosure Statement, ten (10) of the  
13 Debtor's condo units remain, although six (6) of those are currently under contract for sale,  
14 awaiting potential overbids, court approval, and close of escrow.

15           **E. Reasons for Financial Difficulties and Corrections Made**

16           The Debtor received large equity infusions, and over the course of years, massive amounts  
17 of borrowings to finance not just the Debtor's operations, but it appears the operations and  
18 investment of related entities. At the time of the bankruptcy filing, the Debtor's secured debt was  
19 in default, and it owed hundreds of thousands of dollars in (a) back real property taxes and (b)  
20 homeowner's association dues. During the pendency of the case the Trustee has sought and  
21 obtained approval to sell off the Debtor's condominium units to pay those overdue taxes and  
22 assessments (which have indeed been repaid and are now current), and pay down or pay off the  
23 defaulted secured debt.

24           **F. Material Post-Petition Events and Legal Proceedings**

25           Post-petition, the Trustee, through contested matter practice, obtained court approval for  
26 the use of secured lenders' collateral, maintained the Debtor's properties, hired brokers to manage  
27 and also market and sell the Debtor's condominium units, sold, in an extensive and contested  
28 hearing and auction process, the Debtor's commercial space (ground floor offices) free and clear

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1 of liens, has been liquidating the Debtor’s inventory to pay down defaulted secured claims and  
 2 unpaid liens (HOA dues and property taxes), successfully objected to multiple claims, settled an  
 3 avoidance action, filed and/or resolved multiple adversary proceedings, and obtained court  
 4 approval of a settlement of a dispute with creditor Ronald Elvidge over his ownership of certain  
 5 of the Debtor’s units, his secured and unsecured claims, and the rents from units held in his name  
 6 at the time of the bankruptcy filing.

7 **ARTICLE V**

8 **DESCRIPTION OF THE PLAN**

9 **A. Introduction**

10 The principal provisions of the Plan and the treatment of Classes of Allowed Claims and  
 11 Allowed Equity Interests are set forth below. This Disclosure Statement is only a summary of the  
 12 terms of the Plan. In the event there is any inconsistency between the description of the Plan in  
 13 this Disclosure Statement and the Plan itself, it is the Plan (and *not* the Disclosure Statement) that  
 14 governs the rights and obligations of the parties.

15 **B. Designation of Claims and Impairment**

16 The claims against Debtor and the equity interests in Debtor are designated and classified  
 17 as follows:

18 Class 1. [General Unsecured Creditor Class] Allowed Claims of Unsecured Creditors not  
 19 entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in any  
 20 other class hereof, including, without limitation, claims which may arise out of the rejection of  
 21 executory contracts or unexpired leases. (Impaired)

22 Class 2A: Johnson Parties’ Secured Claim (Impaired)

23 Class 2B: Leo Speckert’s Secured Claim (Impaired)

24 Class 2C: Passi Alleged Secured Claim (Impaired)

25 Class 3: All Priority Claims (Unimpaired). There are no Priority Claims, other than Tax  
 26 Claims, in this chapter 11 case.

27 Class 4. [Subordinated Unsecured Claims] The Allowed Claims of Unsecured Creditors  
 28 not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in



1 any other class hereof, which have been designated in the Chapter 11 Trustee's discretion as  
2 Subordinated Unsecured Claims. (Impaired)

3 Class 5. The subordinated and unsecured Allowed Claim of Mark D. Chisick, Co-Trustee  
4 of the Chisick Family Trust. (Impaired)

5 Class 6. Shareholders of the Debtor (Impaired). There are three Shareholders. Gemack  
6 Associates, L.P. holds a 60% interest in the Debtor, Raymond Sahadeo holds a 20% interest in the  
7 Debtor, and the Chisick Family Trust holds a 20% interest in the Debtor.

8 **(1) Treatment of Unclassified Claims**

9 Allowed Claims which are unclassified pursuant to Section 1123(a)(1) of the Bankruptcy  
10 Code shall be treated as follows:

11 Allowed Administrative Claims: Except to the extent that the holder of an Allowed  
12 Administrative Claim, including without limitation claims for all fees and expenses of  
13 professionals previously employed by the Estate to the extent allowed by the Bankruptcy Court,  
14 has agreed in writing to different treatment of such claim or the Bankruptcy Court orders  
15 disbursement at another time, the holder of an Allowed Administrative Claim will receive cash in  
16 the allowed amount of such claim on the Effective Date, or, if such Administrative Claim is  
17 allowed after the Effective Date, then not later than ten days after the date an order allowing such  
18 Administrative Claim becomes a Final Order. Notwithstanding the foregoing, any Administrative  
19 Claim incurred in the ordinary course of Debtor's business post-petition (including without  
20 limitation any claim of an employee or contract laborer for post-petition compensation and  
21 benefits) shall be paid in the ordinary course in accordance with the existing terms for such  
22 obligation.

23 U.S. Trustee Fees: The Chapter 11 Trustee shall pay in cash in full on the Effective Date  
24 any statutory fees then owing and unpaid to the U.S. Trustee, or to the Bankruptcy Court. After  
25 the Effective Date, the Liquidating Trustee shall pay a quarterly fee to the U.S. Trustee, for  
26 deposit into the U.S. Treasury, for each quarter (including any fraction thereof) until this chapter  
27 11 case is converted, dismissed, or closed by entry of a final decree, pursuant to Section  
28 1930(a)(6) of Title 28, United States Code.

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**(2) Treatment of Classified Claims and Interests**

The classified claims and interests designated in this Article of the Plan shall receive the following treatment:

Class 1 – Unsecured Claims (Impaired): Allowed Claims of Unsecured Creditors not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof, including, without limitation, claims which may arise out of the rejection of executory contracts or unexpired leases, shall be entitled to pro rata disbursements of the Initial Distribution on the Initial Distribution Date, and shall thereafter be entitled to pro rata disbursements of the Subsequent Distributions on the Subsequent Distribution Dates.

Class 2A – Johnson Parties’ Secured Claim (Impaired): The Johnson Parties’ Secured Claim is based on a promissory installment note with a maturity date of April 1, 2018. The maturity date of the Johnson Parties’ Secured Claim is hereby extinguished. The Johnson Parties shall receive monthly interest-only payments, beginning one month after the Effective Date, to the extent that funds for such payments are available to the Chapter 11 Trustee from the rental income from the units that serve as collateral for the Johnson Parties’ Secured Claim. The Chapter 11 Trustee shall sell the units that serve as collateral for the Johnson Parties’ Secured Claim, and, out of the sale of that collateral, the Chapter 11 Trustee shall disburse to the Johnson Parties the amount owed under the Johnson Parties’ Secured Claim.

Class 2B – Leo Speckert’s Secured Claim (Impaired): Leo Speckert’s Secured Claim is based on a promissory note with a maturity date of October 21, 2013. The maturity date of Leo Speckert’s Secured Claim is hereby extinguished. Leo Speckert shall receive monthly interest-only payments, beginning one month after the Effective Date, to the extent that funds for such payments are available to the Chapter 11 Trustee from the rental income from the units that serve as collateral for Leo Speckert’s Secured Claim. The Chapter 11 Trustee shall sell the units that serve as collateral for Leo Speckert’s Secured Claim, and, out of the sale of that collateral, the Chapter 11 Trustee shall disburse to Leo Speckert the amount owed under Leo Speckert’s Secured Claim.

1            Class 2C – Passi’s Alleged Secured Claim (Impaired): Creditor Mohan Passi and/or  
 2 Family Trust has asserted a security interest or equitable lien claim against the proceeds traceable  
 3 to the court-approved estate’s settlement with Ronald Elvidge and affiliated or related entities.  
 4 The Trustee believes an adversary proceeding is required in order for the Passi claim to be  
 5 allowed as a lien on those proceeds. If such an adversary proceeding is filed, and a final order of  
 6 the court determines that Passi has a lien on such proceeds, then Passi’s claim shall be treated in  
 7 accordance with any such final order. If no such adversary proceeding is filed, Passi’s claim shall  
 8 be treated solely as a general unsecured claim.

9            Class 3 Claims – Priority Tax Claims (Unimpaired): The priority portion of any tax  
 10 claims shall be paid in full within six months of the Effective Date. The Debtor is a tax pass-  
 11 through entity so tax attributes are borne by the equity holders, not the Debtor. To the extent the  
 12 Debtor itself owes any taxes that are not pass-through taxes, they will be treated under this Plan.

13            Class 4 Claims – Subordinated Unsecured Claims (Impaired): Each holder of a claim that  
 14 has been designated as a Subordinated Unsecured Claim by the Chapter 11 Trustee shall receive a  
 15 pro rata distribution only if there are funds remaining after all claims in Classes 1, 2A, 2B, 2C,  
 16 and 3 have been paid in full.

17            Class 5 – Mark D. Chisick, Co-Trustee of the Chisick Family Trust’s Subordinated  
 18 Unsecured Claim (Impaired): Pursuant to the Court’s September 26, 2018 order approving the  
 19 stipulation between Mark D. Chisick, Co-Trustee of the Chisick Family Trust and the Chapter 11  
 20 Trustee, Mark D. Chisick, Co-Trustee of the Chisick Family Trust shall receive a distribution on  
 21 account of his claim only if there are funds remaining after all claims in Classes 1, 2A, 2B, 2C, 3,  
 22 and 4 have been paid in full.

23            Class 6 Claims – Membership Interest Holders (Impaired): The holders of the Allowed  
 24 Claims in this class -- consisting only of holders of membership interests in the Debtor -- shall  
 25 retain their membership interests in the Debtor. Each membership interest holder (the Debtor's  
 26 three Shareholders) shall receive a pro rata distribution (based on their percentage membership  
 27 interest in the Debtor) only if there are funds remaining after all claims in Classes 1, 2A, 2B, 2C,  
 28 3, 4, and 5 have been paid in full.



1           **C.     Payment of Tax Claims**

2           The Post-Confirmation Trustee shall pay Tax Claims consistent with the times and  
3 manner specified in the Plan, which is that they will be paid in full within six (6) months of the  
4 Effective Date.

5           **D.     Payment of Other Distributions**

6           The Post-Confirmation Trustee shall act as disbursing agent under the Plan with regard to  
7 all payments and distributions to be made to creditors or other parties in interest hereunder,  
8 without bond.

9           **E.     Management of the Debtor**

10          The Debtor shall be managed as follows:

11          (1)     The Post-Confirmation Trustee will manage the Debtor. The Post-Confirmation  
12 Trustee is authorized to retain, employ, utilize, and compensate such professionals (e.g., attorneys  
13 and accountants) as may be necessary after Confirmation without further action or approval by  
14 the Bankruptcy Court;

15          (2)     The Post-Confirmation Trustee is authorized to review and object to claims, enter  
16 into compromises to allow and satisfy disputed claims, to sell, liquidate, or abandon particular  
17 items of the Debtor's assets in its business judgment, and to sell, liquidate, or abandon any claim  
18 or cause of action of the Debtor against any third party;

19          (3)     Subject to the other express provisions of the Plan, the Post-Confirmation Trustee:

20               (a)     is authorized to determine whether the Estate will pursue any claims or  
21 causes of action available under applicable law (including Avoiding Actions); and

22               (b)     if it determines that any such claim or cause of action should be pursued, to  
23 commence, prosecute, and/or compromise such claim. Any recovery on such claim or cause of  
24 action shall be considered property of the Debtor, under the control of the Post-Confirmation  
25 Trustee, and treated as other assets under the terms of the Plan;

26          (4)     At such time as the Post-Confirmation Trustee deems appropriate, consistent with  
27 applicable law and rules, and whether or not all of the payments required under the Plan have  
28 been completed, the Post-Confirmation Trustee shall file an application for entry of a final decree

1 in this Chapter 11 case, and shall serve the application on the U.S. Trustee, together with a  
2 proposed final decree. The Post-Confirmation Trustee shall prepare and file any status reports  
3 that may be required by the Bankruptcy Court in connection with the issuance of a final decree.  
4 The U.S. Trustee shall have twenty (20) days within which to object or otherwise comment upon  
5 the Bankruptcy Court's entry of the final decree;

6 (5) The Post-Confirmation Trustee is authorized to do and/or cause to be done all  
7 things necessary and appropriate to administer and execute the Plan, consistent with the terms of  
8 the Plan, the Confirmation Order, and the Bankruptcy Code and the Bankruptcy Rules to the  
9 extent applicable; and,

10 (6) The Post-Confirmation Trustee shall have full power and authority to execute and  
11 deliver any and all documents necessary or appropriate to carry out the Plan, and to sell, convey,  
12 or assign any asset in the exercise of its business judgment.

13 **F. Avoiding Actions**

14 All Avoiding Actions are preserved after the Effective Date, and may be prosecuted by the  
15 Post-Confirmation Trustee.

16 **G. Unclaimed Property**

17 If a distribution to the holder of an Allowed Claim remains unclaimed for 90 days  
18 following the distribution, the Post-Confirmation Trustee shall use reasonable diligence to  
19 attempt to locate such claim holder. If after reasonable diligence, such claim holder still cannot  
20 be located, the Post-Confirmation Trustee shall file with the Bankruptcy Court and send a 20-day  
21 notice to the claim holder of its intent to void the right of such claim holder to its distribution. If  
22 such claim holder does not claim its distribution within the 20-day notice period provided for in  
23 the preceding sentence, that unlocated claim holder shall forfeit its right to such distribution. The  
24 amount of such Unclaimed Property shall become property of the Debtor, under the control of the  
25 Post-Confirmation Trustee, and subject to the provisions of this Plan.



1           **H. Disputed Claims**

2           Except as otherwise provided in paragraphs (i) or (ii) immediately below, any objection to  
3 claims shall be filed no later than ninety (90) days after the Effective Date, which varies the bar  
4 date set forth in LR 3007(d). The deadline for objecting to any claim may be extended by:

5           (1) Written agreement of the holder of the claim; or

6           (2) Order of the Bankruptcy Court, made on a showing of good cause after motion  
7 served before the expiration of the deadline (including any previously extended deadline) on the  
8 holder of the claim; provided, that in the event the Bankruptcy Court denies any timely brought  
9 motion to extend the deadline, the deadline shall nevertheless be extended until fifteen (15) days  
10 after the date of entry of the order denying the requested extension.

11           **I. Administrative Claims Bar Date**

12           Requests for payment of all Administrative Claims which have accrued on or before the  
13 Effective Date of the Plan (specifically excluding requests by professionals for compensation or  
14 expenses in connection with services performed before the Effective Date, which can be filed at  
15 any time) must be filed with the Bankruptcy Court and served on the Post-Confirmation Trustee  
16 not later than 60 days following the Effective Date, or shall be forever barred and neither the  
17 Post-Confirmation Trustee, the Chapter 11 Trustee, the Debtor, nor its Estate, shall have any  
18 further liability therefor.

19           Post-confirmation, the Post-Confirmation Trustee may pay Administrative Claims,  
20 including requests by professionals for compensation or expenses in connection with services  
21 performed after the Effective Date, without further approval of the Court.

22           **J. Preservation of Claims and Objections**

23           Nothing in the Plan is intended to, nor shall it, limit in any way the ability of the Post-  
24 Confirmation Trustee or the Chapter 11 Trustee or any successor thereto or representative  
25 designated for specific purposes pursuant to the Plan, to:

26           (1) Exercise the rights and powers conferred upon it by applicable bankruptcy  
27 law, including but not limited to the pursuit of Avoiding Actions and the prosecution of  
28 objections to claims (whether or not their holders have accepted the Plan).

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1 (2) Pursue recovery on any and all other causes of action held by the Debtor  
 2 prior to Confirmation under other applicable non-bankruptcy laws; and

3 (3) Exercise the rights and powers of corporate governance and take other  
 4 corporate actions through the Debtor’s officers, directors, and shareholders; provided that all such  
 5 powers and actions are exercised in all respects in compliance with the provisions of the Plan and  
 6 the Confirmation Order.

7 **ARTICLE VII**

8 **RESTRUCTURING PROGRAM, BUSINESS PLAN, PROJECTIONS AND**  
 9 **FEASIBILITY**

10 Because the Plan will pay claims pro-rata, and the Debtor will be liquidated, there will be  
 11 no restructuring program or business plan. To the extent projections or feasibility are at issue in a  
 12 liquidating plan, creditors can note that the amount of cash on hand (made up of cash in the bank,  
 13 plus additional net sale proceeds from upcoming unit sales) will be distributed pro-rata. An  
 14 estimated distribution schedule is attached as Exhibit C.<sup>4</sup> If the claim of Gemack and Associates  
 15 is subordinated, then general unsecured creditors should receive a 100% distribution on their  
 16 claims (if Passi’s claim remains unsecured)<sup>5</sup>. Creditors should note that the value of the Debtor’s  
 17 assets is subject to market changes, and a less favorable market will result in lower sale prices for  
 18 estate assets and therefore lower distributions to creditors.

19 **ARTICLE VIII**

20 **MEMBERSHIP INTERESTS UNDER THE PLAN**

21 No new membership interests are being issued pursuant to the Plan. Holders of  
 22 membership interests in the Debtor shall retain their membership interests in the Debtor. The  
 23 respective percentage ownership interests of holders of membership interests shall govern the  
 24 amount of their pro-rata distributions under the Plan, if any.

25 \_\_\_\_\_  
 26 <sup>4</sup> Note the distribution schedule is an estimate only. Actual distributions will depend on (a) actual expenses, (b) actual  
 27 realized values, and (c) claims objections.

28 <sup>5</sup> The grounds for potential objections to Gemack’s unsecured Proof of Claim include that what Gemack  
 characterizes as a loan was actually in substance and treatment an equity purchase.

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28**ARTICLE IX****ALTERNATIVES TO PLAN AND LIQUIDATION ANALYSIS**

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court does not confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 Bankruptcy Case, (b) the Debtor's Chapter 11 Bankruptcy Case could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code (or a Chapter 11 trustee could be appointed to sell the business or its assets), or (c) the Bankruptcy Court could consider an alternative Chapter 11 plan proposed by the Trustee or some other party.

**A. Dismissal**

If the Debtor's bankruptcy case were to be dismissed, the Debtor and the Trustee would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. Dismissal would result in a large cash balance being released to managers whose pre-petition deadlock and litigation led to the bankruptcy filing.

**B. Chapter 7 Liquidation or Sale of Business**

Because the Plan is a liquidating plan, and there is no business to sell, the case could be converted to one under Chapter 7. If that happens, a Chapter 7 Trustee would be appointed and would liquidate the Trustee's assets in a fashion similar to the one employed under the Plan. However, a Chapter 7 Trustee would incur substantial costs to become familiar with the Trustee's business, its operations, and its finances, as well as ongoing and potential claims objections that the Trustee and his professionals have already invested resources in; if the case is converted a Chapter 7 trustee and new professionals would have to re-generate that work and history. Ostensibly the case could be converted and the current Chapter 11 Trustee appointed Chapter 7 Trustee, and could utilize the same professionals, but there is no apparent benefit to that result for creditors.

**C. Alternative Plan**

The Trustee believes that the current Plan is in the best interest of creditors. Any alternative plan would not provide a better recovery to creditors than what is proposed under the current Plan. Given the amount of remaining secured debt, continued operation of the Debtor's

1 rental properties (as opposed to liquidation at what appears to be top market conditions, subject to  
 2 future reductions) does not make sense and would delay distributions to both secured and  
 3 unsecured creditors.

4 **ARTICLE X**

5 **POTENTIAL UNITED STATES FEDERAL INCOME AND STATE TAX**

6 **CONSEQUENCES OF THE PLAN**

7 The tax consequences for creditors and shareholders are in many cases uncertain and may  
 8 vary depending on a claimholder’s particular circumstances. Accordingly, claimholders are  
 9 strongly urged to consult their tax advisors about the United States federal, state, and local tax,  
 10 and applicable foreign income and other tax consequences of the Plan, including with respect to  
 11 tax reporting and record keeping requirements.

12 The Debtor is a pass-through entity for tax purposes, so tax treatment of both creditor and  
 13 equity claims will depend on each individual creditor and equity holder’s personal tax position  
 14 and attributes. The Trustee does not believe that the Plan creates any tax consequences at the  
 15 Debtor level. No liquidating trust is being created, the Post-Confirmation Trustee will simply  
 16 administer remaining assets, and make the distributions provided for in the Plan, and then close  
 17 the case at the appropriate time.

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**ARTICLE XI**

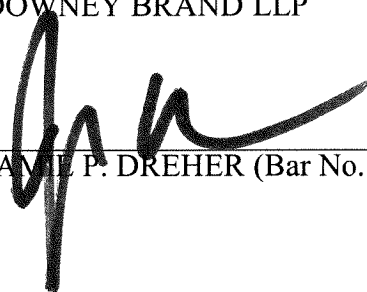
**CONCLUSION**

This Disclosure Statement provides information regarding the Debtor’s bankruptcy and the potential benefits that might accrue to holders of Claims and Equity Interests against the Debtor under the Plan as proposed. The Trustee believes that the Plan is feasible and will provide each holder of a Claim in or against the Debtor with an opportunity to receive greater benefits than those that would be received by any other alternative. The Trustee, therefore, urges interested parties to vote in favor of the Plan.

DATED this 14th day of November, 2018.

Respectfully Submitted:

DOWNEY BRAND LLP

  
\_\_\_\_\_  
JAMES P. DREHER (Bar No. 209380)

DOWNEY BRAND LLP

# **EXHIBIT A**



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 3 MICHAEL W. REINING (Bar No. 305566)  
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6 Attorneys for  
 7 BRADLEY SHARP, Chapter 11 Trustee

8 UNITED STATES BANKRUPTCY COURT  
 9 EASTERN DISTRICT OF CALIFORNIA  
 10 SACRAMENTO DIVISION

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DOWNEY BRAND LLP

In re:  
 CS360 Towers, LLC,  
 Debtor,

Case No.: 17-20731  
 Chapter Number: 11

**CS360 TOWERS, LLC'S  
 CHAPTER 11 PLAN**

**Dated November 14, 2018**

1 Bradley Sharp, in his capacity as Chapter 11 Trustee (“Chapter 11 Trustee”) for the estate  
2 of CS360 Towers, LLC, proposes this Chapter 11 Plan Dated November 14, 2018 (the “Plan”),  
3 pursuant to the provisions of Chapter 11 of the U.S. Bankruptcy Code. The Disclosure Statement  
4 that accompanies this Plan contains a discussion of the financial condition of CS360 Towers,  
5 LLC (“Debtor”) and a description of the Plan. Confirmation of the Plan is the culmination of the  
6 Chapter 11 process. Creditors should thoroughly review both the Plan and the accompanying  
7 Disclosure Statement before deciding whether to accept or reject the Plan.

8 **ARTICLE 1**

9 **DEFINITIONS**

10  
11 Unless the context requires otherwise, the following definitions apply in this Plan:

12 1.1 **“Administrative Claim”** means a claim for any cost or expense of administration  
13 of a kind specified in Section 503(b) of the Bankruptcy Code that is entitled to priority over  
14 general unsecured claims under Section 507(a)(1) of the Bankruptcy Code, including, without  
15 limitation, (i) any actual or necessary costs and expenses of preserving the bankruptcy estate  
16 incurred on or after the Petition Date and through and including the Effective Date of the Plan,  
17 (ii) any cure amounts that must be paid in connection with the assumption of any executory  
18 contract or unexpired lease of CS360 Towers, LLC under Section 365 of the Bankruptcy Code,  
19 (iii) fees payable to the court system or the U.S. Trustee under Section 1930 of Title 28, United  
20 States Code, and (iv) allowed compensation for fees and reimbursable expenses for legal and  
21 other services under Sections 330 and 331 of the Bankruptcy Code, or otherwise allowed by the  
22 Bankruptcy Court under Section 503 of the Bankruptcy Code.

23 1.2 **“Allowed Administrative Claim”** means all or any portion of an Administrative  
24 claim that has either been (i) allowed by a Final Order or (ii) has not been objected to within the  
25 time period established by the Plan or by an order of the Bankruptcy Court.

26 1.3 **“Allowed Claim”** means a claim against CS360 Towers, LLC, debtor in this  
27 Chapter 11 Case, other than an Administrative Claim, as to which:  
28

1 a. A proof of claim was (i) timely filed not later than the Claims Bar  
 2 Date established by order of the Bankruptcy Court in the Chapter 11 Case, or any other applicable  
 3 claim filing deadline, or (ii) deemed filed under 11 U.S.C. §1111(a), or (iii) filed late with  
 4 permission of the Bankruptcy Court after notice and an opportunity for hearing appropriate in the  
 5 circumstances; and

6 b. Such claim is not a Disputed Claim, or, if a Disputed Claim, such  
 7 claim has been allowed in whole or in part by a Final Order, provided that any such claim shall be  
 8 an Allowed Claim only to the extent stated in any such Final Order. Unless otherwise provided in  
 9 the Plan or ordered by the Bankruptcy Court, no distributions shall be made under the Plan with  
 10 respect to the disputed portion of any Disputed Claim until there is a Final Order specifying the  
 11 allowed amount of such claim.

12 No disputed portion of any claim shall be considered as an Allowed Claim if an objection  
 13 to the allowance of such claim is made by the Chapter 11 Trustee or another party in interest  
 14 within the time set by the Plan or the Bankruptcy Court, and such objection to claim has not been  
 15 denied by a Final Order of the Bankruptcy Court.

16 1.4 **“Allowed Secured Claim”** means that amount of an Allowed Claim which is  
 17 secured by a lien or subject to offset within the provisions of Section 506(a) of the Bankruptcy  
 18 Code.

19 1.5 **“Allowed Unsecured Claim”** means any Allowed Claim that is a general  
 20 unsecured claim, including an allowed Rejection Claim, but does not include Allowed Secured  
 21 Claims, Allowed Administrative Claims, Priority Claims, or Tax Claims.

22 1.6 **“Avoiding Actions”** means any rights, claims or causes of action (and any  
 23 litigation thereon) which a trustee or debtor in possession is authorized to assert under or based  
 24 upon the provisions of Bankruptcy Code §§ 542 through 551 and 553 expressly including  
 25 preference claims.

26 1.7 **“Bankruptcy Code”** or **“Code”** means Title 11 of the United States Code, as it  
 27 was in effect on the date of the filing of the Plan, as amended by any amendments applicable to  
 28

1 this Chapter 11 Case, and also includes section 157, 158, 1334, 1408-1412, and 1452 of Title 28  
2 of the United States Code.

3 1.8 **“Bankruptcy Court”** or **“Court”** means the United State Bankruptcy Court for  
4 the Eastern District of California, Sacramento Division, having jurisdiction over the Chapter 11  
5 Case, and any other courts or panels of courts having competent jurisdiction over the Chapter 11  
6 Case or appeals from orders entered in the Chapter 11 Case.

7 1.9 **“Bankruptcy Rules”** means the rules of practice and procedure in cases under  
8 Title 11 of the United State Code, as promulgated under 28 U.S.C. §2075.

9 1.10 **“Cash”** means cash and cash equivalents.

10 1.11 **“Chapter 7”** means Chapter 7 of the Bankruptcy Code.

11 1.12 **“Chapter 11”** means Chapter 11 of the Bankruptcy Code.

12 1.13 **“Chapter 11 Case”** means the case commenced by CS360 Towers, LLC, by the  
13 filing of a petition under Chapter 11 of the Bankruptcy Code on February 3, 2017, pending in the  
14 Bankruptcy Court as Case No. 17-20731.

15 1.14 **“Claim”** means a Claim against the Debtor or, if the context otherwise requires,  
16 against other persons or entities, whether or not asserted, as defined in Section 101(5) of the  
17 Bankruptcy Code, including the Claim of a Shareholder.

18 1.15 **“Claimholder”** means the holder of a Claim.

19 1.16 **“Claims Bar Date”** means the deadline date for filing proofs of claim or interest,  
20 other than Administrative Claims, by non-government creditors and interest holders against  
21 Debtor.

22 1.17 **“Confirmation”** means the entry by the Bankruptcy Court of an order (the  
23 **“Confirmation Order”**) confirming the Plan.

24 1.18 **“Debtor”** means CS360 Towers, LLC.

25 1.19 **“Disputed Claim”** means any claim, proof of which has been filed or deemed  
26 filed against the Debtor, as to which an objection or adversary proceeding has been timely filed  
27 and has not been withdrawn or disposed of by a Final Order of the Bankruptcy Court, or any  
28 claim which is designated as a Disputed Claim in this Plan.

1           1.20    “**Effective Date**” means the business day designated as such by the Chapter 11  
2 Trustee which is not later than 30 days following the entry of the Confirmation Order, unless such  
3 order is stayed by order of a court with original or appellate jurisdiction over this Chapter 11  
4 Case, in which event such date shall be the first business day on or after the eleventh calendar day  
5 after such stay expires.

6           1.21    “**Estate**” means the estate of CS360 Towers, LLC created under Section 541 of  
7 the Bankruptcy Code by the commencement of the Chapter 11 Case.

8           1.22    “**Final Order**” means an order of the Bankruptcy Court as to which the appeal  
9 period has expired without an appeal having been timely taken or, if an appeal is timely taken,  
10 such order has been affirmed on appeal and any time for further appeal or petition has expired  
11 without any such further appeal or petition having been filed.

12           1.23    “**Initial Distribution**” means the cash on hand on the Initial Distribution Date,  
13 less funds needed, in the Chapter 11 Trustee’s discretion, for the payment of administrative  
14 expenses, and a reserve.

15           1.24    “**Initial Distribution Date**” means a date, to be determined in the discretion of the  
16 Chapter 11 Trustee, that is no later than 90 days after the Effective Date.

17           1.25    “**Johnson Parties**” means Messina Rose Johnson, Trustee of the Messina Rose  
18 Johnson Living Trust Dated June 6, 2014, and Vickie Lynn Culbertson and Roderick Lee  
19 Johnson, Trustees of the Shirley Johanna Johnson Irrevocable Trust Dated December 20, 2012.

20           1.26    “**Johnson Parties’ Secured Claim**” means the claim of the Johnson Parties,  
21 consisting of a promissory installment note in the original amount of \$750,000, dated March 11,  
22 2016, with a maturity date of April 1, 2018, and secured by a deed of trust.

23           1.27    “**Leo Speckert**” means Leo J. Speckert, Trustee of the California Capital Loans,  
24 Inc. Profit Sharing Plan.

25           1.28    “**Leo Speckert’s Secured Claim**” means the claim of Leo Speckert, consisting of  
26 a promissory note (secured by a deed of trust) in the original amount of \$1,300,000, dated  
27 October 19, 2011, and modified by a modification agreement dated January 23, 2013, which  
28 extended the maturity date to October 21, 2013.

1           1.29    “**Petition Date**” means February 3, 2007, the date on which the Debtor  
2 commenced the Chapter 11 Case.

3           1.30    “**Plan**” means this CS360 Tower LLC's Chapter 11 Plan Dated November 14,  
4 2018, and filed by the Chapter 11 Trustee with the Bankruptcy Court, including any  
5 modification(s) or amendment(s) thereto.

6           1.31    “**Post-Confirmation Trustee**” means Matthew Sorenson of Development  
7 Specialists, Inc., in his capacity as post-confirmation trustee as contemplated by the Plan.

8           1.32    “**Priority Claim**” means any Allowed Claim entitled to priority pursuant to Code  
9 Section 507(a), but not including Administrative Claims or Tax Claims.

10          1.33    “**Rejection Claim**” means an allowed unsecured claim arising from the Chapter  
11 11 Trustee’s rejection, or the Debtor’s rejection, of an unexpired lease or executory contract  
12 pursuant to the Plan or pursuant to a prior or subsequent order of the Bankruptcy Court.

13          1.34    “**Shareholder**” means a holder of a membership interest in CS360 Towers, LLC.

14          1.35    “**Subsequent Distributions**” means the cash on hand on the Subsequent  
15 Distribution Dates, less funds needed, in the Chapter 11 Trustee’s discretion, for the payment of  
16 administrative expenses and a reserve.

17          1.36    “**Subsequent Distribution Dates**” means dates, to be determined in the discretion  
18 of the Chapter 11 Trustee, with the first subsequent distribution date to be no later than 180 days  
19 after the Initial Distribution Date, and additional subsequent distribution dates to be at intervals of  
20 no greater than 180 days until the final subsequent distribution date, at which point there shall be  
21 no more subsequent distribution dates.

22          1.37    “**Tax Claim**” means any Allowed Unsecured Claim entitled to priority under  
23 Section 507(a)(8) of the Bankruptcy Code.

24          1.38    “**Unclaimed Property**” means any distribution that cannot be delivered to, or is  
25 not accepted by, the holder of an Allowed Claim, and shall include, without limitation, checks  
26 (and the funds represented thereby) that are returned as undeliverable without proper forwarding  
27 address, are not cashed, or are not delivered because of the absence of a proper address to which  
28 to deliver the distribution.



1.39 “U.S. Trustee” means the Office of the United States Trustee.

A term used in the Plan that is not defined in the Plan shall have the meaning assigned to such term in the Bankruptcy Code, the Bankruptcy Rules, or the Uniform Commercial Code, if defined therein.

## ARTICLE 2

### DESIGNATION OF CLASSES OF CLAIMS AND INTERESTS

The claims against Debtor and the equity interests in Debtor are designated and classified as follows:

2.1 Class 1. [General Unsecured Creditor Class] Allowed Claims of Unsecured Creditors not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof, including, without limitation, claims which may arise out of the rejection of executory contracts or unexpired leases. (Impaired)

2.2 Class 2A: Johnson Parties’ Secured Claim (Impaired)

2.3 Class 2B: Leo Speckert’s Secured Claim (Impaired)

2.4 Class 2C: Passi Alleged Secured Claim (Impaired)

2.5 Class 3: All Priority Claims (Unimpaired). There are no Priority Claims, other than Tax Claims, in this chapter 11 case.

2.6 Class 4. Subordinated Unsecured Claims. The Allowed Claims of Unsecured Creditors not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in any other class hereof, which have been designated as Subordinated Unsecured Claims by the court. (Impaired)

2.7 Class 5. The subordinated and unsecured Allowed Claim of Mark D. Chisick, Co-Trustee of the Chisick Family Trust. (Impaired)

2.8 Class 6. Shareholders of the Debtor (Impaired). There are three Shareholders. Gemack Associates, L.P. holds a 60% interest in the Debtor, Raymond Sahadeo holds a 20% interest in the Debtor, and the Chisick Family Trust holds a 20% interest in the Debtor.

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**ARTICLE 3**

**TREATMENT OF UNCLASSIFIED CLAIMS**

3.1 Allowed Administrative Claims: Except to the extent that the holder of an Allowed Administrative Claim, including without limitation claims for all fees and expenses of professionals previously employed by the Estate to the extent allowed by the Bankruptcy Court, has agreed in writing to different treatment of such claim or the Bankruptcy Court orders disbursement at another time, the holder of an Allowed Administrative Claim will receive cash in the allowed amount of such claim on the Effective Date, or, if such Administrative Claim is allowed after the Effective Date, then not later than ten days after the date an order allowing such Administrative Claim becomes a Final Order. Notwithstanding the foregoing, any Administrative Claim incurred in the ordinary course of Debtor’s business post-petition (including without limitation any claim of an employee or contract laborer for post-petition compensation and benefits) shall be paid in the ordinary course in accordance with the existing terms for such obligation.

3.2 U.S. Trustee Fees: The Chapter 11 Trustee shall pay in cash in full on the Effective Date any statutory fees then owing and unpaid to the U.S. Trustee, or to the Bankruptcy Court. After the Effective Date, the Post-Confirmation Trustee shall pay a quarterly fee to the U.S. Trustee, for deposit into the U.S. Treasury, for each quarter (including any fraction thereof) until this Chapter 11 Case is converted, dismissed, or closed by entry of a final decree, pursuant to Section 1930(a)(6) of Title 28, United States Code.

**ARTICLE 4**

**TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS**

The classified claims and interests designated in this Article of the Plan will receive the following treatment:

4.1 Class 1 – Unsecured Claims (Impaired): Allowed Claims of Unsecured Creditors not entitled to priority under Section 507 of the Bankruptcy Code and not otherwise included in

1 any other class hereof, including, without limitation, claims which may arise out of the rejection  
2 of executory contracts or unexpired leases, shall be entitled to pro rata disbursements of the Initial  
3 Distribution on the Initial Distribution Date, and shall thereafter be entitled to pro rata  
4 disbursements of the Subsequent Distributions on the Subsequent Distribution Dates.

5 4.2 Class 2A – Johnson Parties’ Secured Claim (Impaired): The Johnson Parties’  
6 Secured Claim is based on a promissory installment note with a maturity date of April 1, 2018.  
7 The maturity date of the Johnson Parties’ Secured Claim is hereby extinguished. The Johnson  
8 Parties shall receive monthly interest-only payments, beginning one month after the Effective  
9 Date, to the extent that funds for such payments are available to the Chapter 11 Trustee from the  
10 rental income from the units that serve as collateral for the Johnson Parties’ Secured Claim. The  
11 Chapter 11 Trustee shall sell the units that serve as collateral for the Johnson Parties’ Secured  
12 Claim, and, out of the sale of that collateral, the Chapter 11 Trustee shall disburse to the Johnson  
13 Parties the amount owed under the Johnson Parties’ Secured Claim.

14 4.3 Class 2B – Leo Speckert’s Secured Claim (Impaired): Leo Speckert’s Secured  
15 Claim is based on a promissory note with a maturity date of October 21, 2013. The maturity date  
16 of Leo Speckert’s Secured Claim is hereby extinguished. Leo Speckert shall receive monthly  
17 interest-only payments, beginning one month after the Effective Date, to the extent that funds for  
18 such payments are available to the Chapter 11 Trustee from the rental income from the units that  
19 serve as collateral for Leo Speckert’s Secured Claim. The Chapter 11 Trustee shall sell the units  
20 that serve as collateral for Leo Speckert’s Secured Claim, and, out of the sale of that collateral,  
21 the Chapter 11 Trustee shall disburse to Leo Speckert the amount owed under Leo Speckert’s  
22 Secured Claim.

23 4.4 Class 2C – Passi’s Alleged Secured Claim (Impaired): Creditor Mohan Passi  
24 and/or Family Trust has asserted a security interest or equitable lien claim against the proceeds  
25 traceable to the court-approved estate’s settlement with Ronald Elvidge and affiliated or related  
26 entities. The Trustee believes an adversary proceeding is required in order for the Passi claim to  
27 be allowed as a lien on those proceeds. If such an adversary proceeding is filed, and a final order  
28 of the court determines that Passi has a lien on such proceeds, then Passi’s claim shall be treated

1 in accordance with any such final order. If no such adversary proceeding is filed, Passi's claim  
2 shall be treated solely as a general unsecured claim.

3 4.5 Class 3 Claims – Priority Tax Claims (Unimpaired): The priority portion of any  
4 tax claims shall be paid in full within six months of the Effective Date. The Debtor is a tax pass-  
5 through entity so tax attributes are borne by the equity holders, not the Debtor. To the extent the  
6 Debtor itself owes any taxes that are not pass-through taxes, they will be treated under this Plan.

7 4.6 Class 4 Claims – Subordinated Unsecured Claims (Impaired): Each holder of a  
8 claim that has been designated as a Subordinated Unsecured Claim by the court shall receive a  
9 pro rata distribution only if there are funds remaining after all claims in Classes 1, 2A, 2B, 2C and  
10 3 have been paid in full.

11 4.7 Class 5 – Mark D. Chisick, Co-Trustee of the Chisick Family Trust's Subordinated  
12 Unsecured Claim (Impaired): Pursuant to the Court's September 26, 2018 order approving the  
13 stipulation between Mark D. Chisick, Co-Trustee of the Chisick Family Trust and the Chapter 11  
14 Trustee, Mark D. Chisick, Co-Trustee of the Chisick Family Trust shall receive a distribution on  
15 account of his claim only if there are funds remaining after all claims in Classes 1, 2A, 2B, 2C, 3,  
16 and 4 have been paid in full.

17 4.8 Class 6 Claims – Membership Interest Holders (Impaired): The holders of the  
18 Allowed Claims in this class -- consisting only of holders of membership interests in the Debtor --  
19 shall retain their membership interests in the Debtor. Each membership interest holder (the  
20 Debtor's three Shareholders) shall receive a pro rata distribution (based on their percentage  
21 membership interest in the Debtor) only if there are funds remaining after all claims in Classes 1,  
22 2A, 2B, 2C, 3, 4, and 5 have been paid in full.

## 23 ARTICLE 5

### 24 ROLE OF POST-CONFIRMATION TRUSTEE

25  
26 5.1 Matthew Sorenson of Development Specialists, Inc. ("DSI") shall serve as the  
27 Post-Confirmation Trustee and disbursement agent after the Plan is confirmed. The Post-  
28 Confirmation Trustee will be compensated at the normal hourly rates charged by DSI for similar

1 work, not to exceed \$425/hour. After the Plan is confirmed, the Post-Confirmation Trustee shall  
 2 assume and be responsible for all of the Debtor's responsibilities, duties, and obligations under the  
 3 Plan, including making distributions under the Plan.

4 5.2 All of the books and records of the Debtor shall be made available to the Post-  
 5 Confirmation Trustee to enable him to perform his tasks under the Plan.

6 5.3 The Post-Confirmation Trustee shall perform the duties and obligations imposed  
 7 by this Plan with reasonable diligence and care under the circumstances. Neither the Post-  
 8 Confirmation Trustee and/or any of the entities employed by him shall be liable to any person  
 9 except for such of their own acts as shall constitute bad faith, willful misconduct, gross  
 10 negligence, willful disregard of their duties or material breach of this Plan.

11 5.4 Except as set forth in this Plan, the Post-Confirmation Trustee, and/or any person  
 12 employed or retained by the Post-Confirmation Trustee shall be defended, held harmless and  
 13 indemnified from time to time by the Debtor against any and all losses, Claims, costs, expenses  
 14 and liabilities to which such indemnified parties may be subject by reason of such indemnified  
 15 parties' execution in good faith of their duties; provided, however, that the indemnification  
 16 obligation arising pursuant to this Section shall indemnify neither the Post-Confirmation Trustee  
 17 or such person for any actions taken by such indemnified parties which constitute bad faith,  
 18 willful misconduct, gross negligence, willful disregard of their duties or material breach of this  
 19 Plan.

20 5.5 The Post-Confirmation Trustee shall be responsible for filing all federal, state and  
 21 local tax returns for the Debtor. The Post-Confirmation Trustee shall be responsible for filing a  
 22 final tax return for the Debtor for the period fiscal year 2018 through the Effective Date.

## 23 ARTICLE 6

### 24 EXECUTORY CONTRACTS

25  
 26 Debtor's executory contracts and unexpired leases are treated as follows:

27 6.1 All executory contracts and leases, other than those for the lease of the Debtor's  
 28 units at 500 N. Street, Sacramento, CA 95814, are deemed rejected as of the Effective Date.





1 (e.g., attorneys and accountants) as may be necessary after Confirmation without further action or  
2 approval by the Bankruptcy Court;

3 (ii) The Post-Confirmation Trustee is authorized to review and object to  
4 claims, enter into compromises to allow and satisfy disputed claims, to sell, liquidate, or abandon  
5 particular items of the Debtor's assets in its business judgment, and to sell, liquidate, or abandon  
6 any claim or cause of action of the Debtor against any third party;

7 (iii) Subject to the other express provisions of the Plan, the Post-Confirmation  
8 Trustee:

9 a. is authorized to determine whether the Estate will pursue any  
10 claims or causes of action available under applicable law (including Avoiding Actions); and

11 b. if it determines that any such claim or cause of action should be  
12 pursued, to commence, prosecute, and/or compromise such claim. Any recovery on such claim or  
13 cause of action shall be considered property of the Debtor, under the control of the Post-  
14 Confirmation Trustee, and treated as other assets under the terms of the Plan;

15 (iv) At such time as the Post-Confirmation Trustee deems appropriate,  
16 consistent with applicable law and rules, and whether or not all of the payments required under  
17 the Plan have been completed, the Post-Confirmation Trustee shall file an application for entry of  
18 a final decree in this Chapter 11 case, and shall serve the application on the U.S. Trustee, together  
19 with a proposed final decree. The Post-Confirmation Trustee shall prepare and file any status  
20 reports that may be required by the Bankruptcy Court in connection with the issuance of a final  
21 decree. The U.S. Trustee shall have twenty (20) days within which to object or otherwise  
22 comment upon the Bankruptcy Court's entry of the final decree;

23 (v) The Post-Confirmation Trustee is authorized to do and/or cause to be done  
24 all things necessary and appropriate to administer and execute the Plan, consistent with the terms  
25 of the Plan, the Confirmation Order, and the Bankruptcy Code and the Bankruptcy Rules to the  
26 extent applicable; and,

27  
28

1 (vi) The Post-Confirmation Trustee shall have full power and authority to  
2 execute and deliver any and all documents necessary or appropriate to carry out the Plan, and to  
3 sell, convey, or assign any asset in the exercise of its business judgment.

4 7.6 Avoiding Actions. All Avoiding Actions are preserved after the Effective Date,  
5 and may be prosecuted by the Post-Confirmation Trustee.

6 7.7 Unclaimed Property. If a distribution to the holder of an Allowed Claim remains  
7 unclaimed for 90 days following the distribution, the Post-Confirmation Trustee shall use  
8 reasonable diligence to attempt to locate such claim holder. If after reasonable diligence, such  
9 claim holder still cannot be located, the Post-Confirmation Trustee shall file with the Bankruptcy  
10 Court and send a 20-day notice to the claim holder of its intent to void the right of such claim  
11 holder to its distribution. If such claim holder does not claim its distribution within the 20-day  
12 notice period provided for in the preceding sentence, that unlocated claim holder shall forfeit its  
13 right to such distribution. The amount of such Unclaimed Property shall become property of the  
14 Debtor, under the control of the Post-Confirmation Trustee, and subject to the provisions of this  
15 Plan.

16 7.8 Disputed Claims. Except as otherwise provided in paragraphs (i) or (ii)  
17 immediately below, any objection to claims shall be filed no later than ninety (90) days after the  
18 Effective Date, which varies the bar date set forth in LR 3007(d). The deadline for objecting to  
19 any claim may be extended by:

- 20 (i) Written agreement of the holder of the claim; or  
21 (ii) Order of the Bankruptcy Court, made on a showing of good cause after  
22 motion served before the expiration of the deadline (including any previously extended deadline)  
23 on the holder of the claim; provided, that in the event the Bankruptcy Court denies any timely  
24 brought motion to extend the deadline, the deadline shall nevertheless be extended until fifteen  
25 (15) days after the date of entry of the order denying the requested extension.

26 7.9 Administrative Claims Bar Date. Requests for payment of all Administrative  
27 Claims which have accrued on or before the Effective Date of the Plan (specifically excluding  
28 requests by professionals for compensation or expenses in connection with services performed

1 before the Effective Date, which can be filed at any time) must be filed with the Bankruptcy  
 2 Court and served on the Post-Confirmation Trustee not later than 60 days following the Effective  
 3 Date, or shall be forever barred and neither the Post-Confirmation Trustee, the Chapter 11  
 4 Trustee, the Debtor, nor its Estate, shall have any further liability therefor. Post-confirmation, the  
 5 Post-Confirmation Trustee may pay Administrative Claims, including requests by professionals  
 6 for compensation or expenses in connection with services performed after the Effective Date,  
 7 without further approval of the Court.

8 7.10 Preservation of Claims and Objections. Nothing in the Plan is intended to, nor  
 9 shall it, limit in any way the ability of the Post-Confirmation Trustee or the Chapter 11 Trustee or  
 10 any successor thereto or representative designated for specific purposes pursuant to the Plan, to:

11 (i) Exercise the rights and powers conferred upon it by applicable bankruptcy  
 12 law, including but not limited to the pursuit of Avoiding Actions and the prosecution of  
 13 objections to claims (whether or not their holders have accepted the Plan).

14 (ii) Pursue recovery on any and all other causes of action held by the Debtor  
 15 prior to Confirmation under other applicable non-bankruptcy laws; and

16 (iii) Exercise the rights and powers of corporate governance and take other  
 17 corporate actions through the Debtor's officers, directors, and shareholders; provided that all such  
 18 powers and actions are exercised in all respects in compliance with the provisions of the Plan and  
 19 the Confirmation Order.

## 20 ARTICLE 8

### 21 INJUNCTION AND CUSTODIA LEGIS

22  
 23 8.1 Confirmation of this Plan shall constitute an injunction prohibiting any person  
 24 from taking any act, commencing any suit, or enforcing any right, including the right to a judicial  
 25 or non-judicial foreclosure of any lien, which has the effect of asserting, liquidating, or enforcing  
 26 any claim existing against any property included in the Estate, whether before or after disposition  
 27 of such assets by the Debtor, the Chapter 11 Trustee, or the Post-Confirmation Trustee, and  
 28 prohibiting any person from taking any act, commencing any suit, or enforcing any right which

1 has the effect of asserting, liquidating, or enforcing any claim existing against the Debtor, the  
2 Chapter 11 Trustee, or the Post-Confirmation Trustee except as provided hereunder. This  
3 injunction shall not apply to enforcement of any claim of any party against property acquired by  
4 the Debtor after the Bankruptcy Court's closure of the Chapter 11 Case.

5 8.2 All of the property of the Estate shall vest in the Debtor upon the Effective Date,  
6 free and clear of all claims and interests of creditors and equity security holders, subject to the  
7 provisions of the Plan, and shall be under the control and direction of, and shall be administered  
8 by, the Post-Confirmation Trustee. Transfer of property by the Post-Confirmation Trustee under  
9 the Plan shall be pursuant to the Plan and free from taxation to the extent provided by Bankruptcy  
10 Code Section 1145(c).

11 8.3 Entry of the Confirmation Order shall act as a discharge of all debts of the Debtor  
12 that arose prior to Confirmation. Neither the Chapter 11 Trustee, nor the Post-Confirmation  
13 Trustee, nor the Debtor, shall have any liability to any creditor or interest holder of CS360  
14 Towers, LLC other than to make the distributions expressly provided for under the Plan.

15 **ARTICLE 9**  
16 **RELEASE AND EXCULPATION**

17  
18 9.1 Discharge of the Debtor. Effective as of the Confirmation Date (but subject to the  
19 occurrence of the Effective Date) and except as otherwise specifically provided in this Plan, the  
20 distributions and rights that are provided in this Plan shall be in exchange for, and in complete  
21 satisfaction, settlement, discharge and release of all Claims of any nature whatsoever against,  
22 liabilities of, liens on, objections of and interests in the Debtor or any of its assets or properties,  
23 whether known or unknown, and, except as otherwise provided herein or in the Confirmation  
24 Order, and regardless of whether any property shall have been distributed or retained pursuant to  
25 this Plan on account of such Claims, upon the Effective Date, the Debtor and any of its assets or  
26 properties, shall be deemed discharged and released under Section 1141(d)(1)(A) of the  
27 Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities  
28

1 that arose before the Confirmation Date, and all debts of the kind specified in Sections 502(g),  
 2 502(h) or 502(i) of the Bankruptcy Code, whether or not (1) a proof of Claim based upon such  
 3 debt is filed or deemed filed under Section 501 of the Bankruptcy Code, (b) a Claim based upon  
 4 such debt is Allowed under Section 502 of the Bankruptcy Code, or (c) the holder of a Claim  
 5 based upon such debt has accepted this Plan. The Confirmation Order shall be a judicial  
 6 determination of discharge of all liabilities of the Debtor, subject to the Effective Date occurring;  
 7 provided, however, that nothing herein shall be construed to release the Debtor's Claims  
 8 disclosed herein.

9 9.2 Exculpation and Limitation of Liability. Except as otherwise specifically provided  
 10 in this Plan, neither the Chapter 11 Trustee nor the Post-Confirmation Trustee, nor any of the  
 11 Chapter 11 Trustee's or the Post-Confirmation Trustee's respective current officers, directors,  
 12 employees, advisors, attorneys, representatives, financial advisors, agents or any of such parties'  
 13 successors and assigns, shall have or incur, and, effective as of the Effective Date of the Plan, are  
 14 hereby released from, any Claim, obligation, cause of action or liability to one another or to any  
 15 holder of a Claim, or any other party in interest, or any of their respective agents, employees,  
 16 representatives, financial advisors, attorneys, or Affiliates, or any of their successors or assigns,  
 17 for any act or omission from and after the Petition Date in connection with, relating to, or arising  
 18 out of, the Bankruptcy Case, the pursuit of confirmation of this Plan, the consummation of this  
 19 Plan, or the administration of this Plan or the property to be distributed under this Plan, except for  
 20 their willful misconduct or gross negligence, and in all respects shall be entitled to reasonably  
 21 rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

## 22 ARTICLE 10

### 23 RETAINED JURISDICTION

24  
 25 After Confirmation, the Bankruptcy Court shall retain all authority and jurisdiction as  
 26 provided under the Bankruptcy Code and other applicable law and this Plan to enforce the  
 27 provisions, purposes, and intent of this Plan or any modification hereof, including without  
 28 limitation, matters or proceedings relating to:

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- 1           10.1 Allowance, disallowance, reconsideration, estimation, compromise, settlement,
- 2 adjustment, treatment, or liquidation of claims and objections thereto;
- 3           10.2 Allowance of claims and requests for payment of administrative expenses of the
- 4 Estate;
- 5           10.3 The rights, title, or interest of the Debtor, as modified or specified under the Plan,
- 6 in any property, including liens thereon;
- 7           10.4 Resolution of controversies and disputes, including disputes regarding
- 8 interpretation of the Plan and the Confirmation Order, and the correction of any mistake, defect,
- 9 or omission regarding interpretation or enforcement of the Plan and the Confirmation Order;
- 10          10.5 Modification(s) of the Plan pursuant to Section 1127 of the Bankruptcy Code;
- 11          10.6 Adjudication of any actions brought by the Debtor to enforce any right or recover
- 12 any claim created, granted, or preserved under the Plan;
- 13          10.7 Entry of orders in aid of implementation of this Plan;
- 14          10.8 Such other matters for which jurisdiction is provided under the Bankruptcy Code,
- 15 the Plan the Confirmation Order, or other applicable law; and,
- 16          10.9 Entry of a final decree closing the Chapter 11 Case.

**ARTICLE 11**

**EFFECT OF CONFIRMATION OF THE PLAN**

Upon Confirmation, the provisions of the Plan shall be binding upon the Debtor, any person or entity acquiring property under the Plan, and any creditor or interest holder, whether or not the claim or interest of such creditor or interest holder is impaired under the Plan and whether or not such creditor or interest holder has accepted the Plan.

**ARTICLE 12**

**NON-SUBSTANTIVE MODIFICATION OF PLAN**

The Post-Confirmation Trustee may, after such notice as the Bankruptcy Court determines to be appropriate, modify the Plan prior to the Effective Date, if the Bankruptcy Court determines





# **EXHIBIT B**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA**

In re: CS360 Towers, LLC

Case No. 2:17-bk-20731

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(SMALL REAL ESTATE/INDIVIDUAL CASE)**

**SUMMARY OF FINANCIAL STATUS**

**MONTH ENDED:** 09/30/17

**PETITION DATE:** 02/03/17

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in \$1


	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
<b>2. Asset and Liability Structure</b>			
a. Current Assets	\$236,486	\$224,982	
b. Total Assets	<u>\$17,193,817</u>	<u>\$17,182,313</u>	<u>\$17,450,764</u>
c. Current Liabilities	\$0	\$0	
d. Total Liabilities	<u>\$10,976,817</u>	<u>\$10,976,817</u>	<u>\$5,731,084</u>
<b>3. Statement of Cash Receipts &amp; Disbursements for Month</b>	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	\$55,112	\$52,073	\$580,510
b. Total Disbursements	\$43,608	\$49,863	\$407,323
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$11,504	\$2,210	\$173,187
d. Cash Balance Beginning of Month	\$194,982	\$192,772	\$33,299
e. Cash Balance End of Month (c + d)	<u>\$206,486</u>	<u>\$194,982</u>	<u>\$206,486</u>
<b>4. Profit/(Loss) from the Statement of Operations</b>	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
	N/A	N/A	N/A
<b>5. Account Receivables (Pre and Post Petition)</b>	<u>\$30,000</u>	<u>\$30,000</u>	
<b>6. Post-Petition Liabilities</b>	<u>\$0</u>		
<b>7. Past Due Post-Petition Account Payables (over 30 days)</b>	<u>\$0</u>		

**At the end of this reporting month:**

- |  | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | _____      | <u>x</u>  |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)   | _____      | <u>x</u>  |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court?  | _____      | _____     |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)                                   | _____      | <u>x</u>  |
| 12. Is the estate insured for replacement cost of assets and for general liability?  | <u>x</u>   | _____     |
| 13. Are a plan and disclosure statement on file?   | _____      | <u>x</u>  |
| 14. Was there any post-petition borrowing during this reporting period?  | _____      | <u>x</u>  |
15. Check if paid: Post-petition taxes     ; U.S. Trustee Quarterly Fees x; Check if filing is current for: Post-petition tax reporting and tax returns:     .  
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 10-20-17

  
\_\_\_\_\_  
Responsible Individual

**BALANCE SHEET**  
 (Small Real Estate/Individual Case)  
 For the Month Ended 08/31/17

Assets	Check if Exemption Claimed on Schedule C	Market Value
<b>Current Assets</b>		
1 Cash and cash equivalents (including bank accts., CDs, etc.)	_____	\$206,486
2 Accounts receivable (net)	_____	\$30,000
3 Retainer(s) paid to professionals	_____	_____
4 Other: _____	_____	_____
5 _____	_____	_____
6 <b>Total Current Assets</b>	_____	<u>\$236,486</u>
<b>Long Term Assets (Market Value)</b>		
7 Real Property (residential)	_____	_____
8 Real property (rental or commercial)	_____	\$16,883,650
9 Commercial Personal Property	_____	\$73,681
10 Vehicles	_____	_____
11 Partnership interests	_____	_____
12 Interest in corporations	_____	_____
13 Stocks and bonds	_____	_____
14 Interests in IRA, Keogh, other retirement plans	_____	_____
15 Other: _____	_____	_____
16 _____	_____	_____
17 <b>Total Long Term Assets</b>	_____	<u>\$16,957,331</u>
18 <b>Total Assets</b>	_____	<u>\$17,193,817</u>
<b>Liabilities</b>		
<b>Post-Petition Liabilities</b>		
<b>Current Liabilities</b>		
19 Post-petition not delinquent (under 30 days)	_____	_____
20 Post-petition delinquent other than taxes (over 30 days)	_____	_____
21 Post-petition delinquent taxes	_____	_____
22 Accrued professional fees	_____	_____
23 Other: _____	_____	_____
24 _____	_____	_____
25 <b>Total Current Liabilities</b>	_____	<u>\$0</u>
26 <b>Long-Term Post Petition Debt</b>	_____	_____
27 <b>Total Post-Petition Liabilities</b>	_____	<u>\$0</u>
<b>Pre-Petition Liabilities (allowed amount)</b>		
28 Secured claims (residence)	_____	\$5,774,437
29 Secured claims (other)	_____	_____
30 Priority unsecured claims	_____	_____
31 General unsecured claims	_____	\$5,202,380
32 <b>Total Pre-Petition Liabilities</b>	_____	<u>\$10,976,817</u>
33 <b>Total Liabilities</b>	_____	<u>\$10,976,817</u>
<b>Equity (Deficit)</b>		
34 <b>Total Equity (Deficit)</b>	_____	<u>\$11,719,680</u>
35 <b>Direct Charges to Equity</b>	_____	(\$5,675,867)
36 <b>Post-Petition Profit/(Loss) or Changes in Equity from Operations</b>	_____	\$173,187
37 <b>Total Liabilities and Equity (Deficit)</b>	_____	<u>\$17,193,817</u>

Notes:

The value of the assets are base on the Debtor's books, and have not been verified by the Trustee.

CS360 Towers, LLC

MOR Period: September 2017  
Schedule A to the Balance Sheet

Unit #	Gross Rent	Less Vacancies	Less Free Rent	Less Other	Total Deductions	Schedule Net Rent	Less Repts A/R	Scheduled Rent Collected
101C	\$1,750.00		\$1,750.00		\$1,750.00	\$0.00		\$0.00
102C	\$0.00		\$0.00		\$0.00	\$0.00		\$0.00
103C	\$1,000.00	\$1,000.00	\$0.00		\$1,000.00	\$0.00		\$0.00
104C	\$1,500.00		\$0.00		\$0.00	\$1,500.00		\$1,500.00
105C	\$875.00	\$875.00	\$0.00		\$875.00	\$0.00		\$0.00
106C	\$875.00	\$875.00	\$0.00		\$875.00	\$0.00		\$0.00
107C	\$2,000.00	\$2,000.00	\$0.00		\$2,000.00	\$0.00		\$0.00
108C	\$2,000.00	\$2,000.00	\$0.00		\$2,000.00	\$0.00		\$0.00
109C	\$1,200.00		\$0.00		\$0.00	\$1,200.00		\$1,200.00
207	\$2,000.00		\$0.00		\$0.00	\$2,000.00		\$2,000.00
307	\$1,865.00		\$0.00		\$0.00	\$1,865.00		\$1,865.00
406	\$1,550.00		\$0.00		\$0.00	\$1,550.00		\$1,550.00
501	\$1,500.00		\$0.00		\$0.00	\$1,500.00		\$1,500.00
506	\$1,550.00		\$0.00		\$0.00	\$1,550.00		\$1,550.00
507	\$1,510.00	\$1,510.00	\$0.00		\$1,510.00	\$0.00		\$0.00
508	\$2,100.00	\$2,100.00	\$0.00		\$2,100.00	\$0.00		\$0.00
509	\$2,100.00	\$2,100.00	\$0.00		\$2,100.00	\$0.00		\$0.00
601	\$1,525.00		\$0.00		\$0.00	\$1,525.00	\$125.00	\$1,400.00
602	\$2,000.00		\$0.00	\$1,000.00	\$1,000.00	\$1,000.00		\$1,000.00
603	\$2,250.00		\$0.00		\$0.00	\$2,250.00		\$2,250.00
604	\$2,210.00		\$0.00		\$0.00	\$2,210.00		\$2,210.00
606	\$1,600.00		\$0.00		\$0.00	\$1,600.00		\$1,600.00
607	\$2,100.00		\$0.00		\$0.00	\$2,100.00		\$2,100.00
608	\$2,100.00		\$0.00		\$0.00	\$2,100.00		\$2,100.00
609	\$2,100.00		\$0.00		\$0.00	\$2,100.00		\$2,100.00
705	\$2,310.00		\$0.00		\$0.00	\$2,310.00		\$2,310.00
706	\$1,400.00		\$0.00		\$0.00	\$1,400.00		\$1,400.00
804	\$2,200.00		\$0.00		\$0.00	\$2,200.00		\$2,200.00
805	\$2,260.00		\$0.00		\$0.00	\$2,260.00		\$2,260.00
808	\$2,150.00	\$2,150.00	\$0.00		\$2,150.00	\$0.00		\$0.00
901	\$1,700.00		\$0.00		\$0.00	\$1,700.00		\$1,700.00
904	\$2,200.00		\$0.00		\$0.00	\$2,200.00	\$2,200.00	\$0.00
905	\$2,300.00		\$0.00		\$0.00	\$2,300.00		\$2,300.00
907	\$2,300.00		\$0.00		\$0.00	\$2,300.00		\$2,300.00
1005	\$2,200.00	\$2,200.00	\$0.00		\$2,200.00	\$0.00		\$0.00
1008	\$2,460.00		\$0.00		\$0.00	\$2,460.00		\$2,460.00
1010	\$2,200.00	\$2,200.00	\$0.00		\$2,200.00	\$0.00		\$0.00
1105	\$2,050.00		\$0.00		\$0.00	\$2,050.00		\$2,050.00
1106	\$1,875.00	\$1,875.00	\$0.00		\$1,875.00	\$0.00		\$0.00
1205	\$2,410.00	\$2,410.00	\$0.00		\$2,410.00	\$0.00		\$0.00
1207	\$2,300.00		\$0.00		\$0.00	\$2,300.00		\$2,300.00
1407	\$2,600.00		\$0.00		\$0.00	\$2,600.00		\$2,600.00
1606	\$2,575.00		\$0.00		\$0.00	\$2,575.00		\$2,575.00
<b>Totals</b>	<b>\$80,750.00</b>	<b>\$23,295.00</b>	<b>\$1,750.00</b>	<b>\$1,000.00</b>	<b>\$26,045.00</b>	<b>\$54,785.00</b>	<b>\$2,325.00</b>	<b>\$52,380.00</b>

Notes:

Non-paying tenants in commercial space vacated  
MOR's reflect rents remitted to the bankruptcy estate by HomePointe Property Management, less their earned fee or repair costs.

Schedule B  
Recapitulation of Funds Held at End of Month

	Account 1 East West Bank	Account 2 East West Bank	Account 3
1 Bank			
2 Account No.	XXXXXXXX5475	XXXXXXXX5482	
3 Account Purpose	General	Deposits	
4 Balance, End of Month	\$177,286	\$29,200	
5 Total Funds on Hand for all Accounts	\$206,486		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

Notes:

Non-paying tenants in commercial space vacated

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 08/31/17

	Actual Current Month	Cumulative (Case to Date)
<b>Cash Receipts</b>		
1 Rent/Leases Collected	\$53,108	\$576,852
2 Cash Received from Sales		
3 Interest Received		
4 Borrowings		
5 Funds from Shareholders, Partners, or Other Insiders		
6 Capital Contributions		
7 Sale of Assets		\$1,060
8 Refunds	\$804	\$1,398
9 Deposits	\$1,200	\$1,200
10		
11		
12 <b>Total Cash Receipts</b>	<b>\$55,112</b>	<b>\$580,510</b>
<b>Cash Disbursements</b>		
13 Selling		
14 Administrative		\$659
15 Capital Expenditures		
16 Principal Payments on Debt		
17 Interest Paid		
18 Rent/Lease:		
19     Personal Property		
20     Real Property		
21 Amount Paid to Owner(s)/Officer(s)		
22     Salaries		
23     Draws		
24     Commissions/Royalties		
25     Expense Reimbursements		
26     Other		
27 Salaries/Commissions (less employee withholding)		
28 Professional Fees		\$0
29 Taxes:		
30     Employee Withholding		
31     Employer Payroll Taxes		
32     Real Property Taxes	\$14,369	\$172,377
33     Other Taxes		
34 Other Cash Outflows:		
35     Insurance	\$1,403	\$17,128
36     HOA Dues	\$15,632	\$138,584
37 Management Services	\$3,000	\$31,244
38 Utilities	\$2,821	\$21,158
39 Bank Fees		\$60
40 United States Trustee Fees		\$2,600
41 Unit Cleaning		\$540
42 Locksmith		\$180
43 Interest Expense	\$2,083	\$11,040
44 Security Deposit Returns	\$4,300	\$8,365
45 Outside Services		\$3,388
46 <b>Total Cash Disbursements:</b>	<b>\$43,608</b>	<b>\$407,323</b>
47 <b>Net Increase (Decrease) in Cash</b>	<b>\$11,504</b>	<b>\$173,187</b>
48 <b>Cash Balance, Beginning of Period</b>	<b>\$194,982</b>	<b>\$33,299</b>
49 <b>Cash Balance, End of Period</b>	<b>\$206,486</b>	<b>\$206,486</b>



**CS360 Towers, LLC**  
**Period: September 2017**

Unit #	Starting Cash	Rental Income	Other Income	HOA Dues	PM Fees	Leasing Mgr	Insurance	Utilities	Maint/Repairs/Make Ready	Property Taxes	UST/Misc.	Ending Cash Balance
101C	(\$6,927.07)			\$342.57		\$69.80	\$32.65	\$370.83				(\$7,742.92)
102C	(\$6,218.41)			\$342.57		\$69.80	\$32.65	\$70.27				(\$6,733.70)
103C	(\$4,977.10)			\$342.57		\$69.80	\$32.65	\$72.38				(\$5,494.50)
104C	\$345.82	\$1,500.00		\$342.57		\$69.80	\$32.65	\$64.16				\$1,336.64
105C	(\$7,714.98)			\$342.57		\$69.80	\$32.65	\$182.27				(\$8,342.27)
106C	(\$5,359.86)			\$342.57		\$69.80	\$32.65	\$75.16				(\$5,880.04)
107C	(\$8,404.58)			\$342.57		\$69.80	\$32.65	\$80.93				(\$8,930.53)
108C	(\$8,191.64)			\$342.57		\$69.80	\$32.65	\$77.30				(\$8,713.96)
109C	(\$6,310.70)	\$1,960.00		\$342.57		\$69.76	\$32.65	\$124.58				(\$4,920.26)
207	\$6,854.04	\$2,000.00		\$378.11	\$60.00	\$69.76	\$32.62	\$45.58				\$8,267.97
307	\$7,646.58	\$1,865.00		\$378.11	\$55.95	\$69.76	\$32.62	\$35.88				\$8,939.26
406	\$6,581.75	\$1,550.00		\$342.57	\$46.50	\$69.76	\$32.62	\$35.88				\$7,604.42
501	\$8,240.17	\$1,500.00		\$342.57	\$45.00	\$69.76	\$32.62	\$43.53				\$9,206.69
506	(\$11,470.13)	\$1,550.00		\$342.57	\$46.50	\$69.76	\$32.62	\$35.88				(\$10,447.46)
507	\$7,121.74			\$378.11		\$69.76	\$32.62	\$45.58				\$6,595.67
508	(\$4,298.72)			\$376.07		\$69.76	\$32.62	\$88.61				(\$4,865.78)
509	\$8,955.44			\$376.07		\$69.76	\$32.62	\$79.85				\$8,997.14
601	(\$3,864.59)	\$1,400.00		\$342.57	\$42.00	\$69.76	\$32.62	\$35.88				(\$2,987.42)
602	\$4,205.54	\$1,000.00		\$378.11	\$30.00	\$69.76	\$32.62	\$45.58				\$4,649.47
603	\$4,835.75	\$2,250.00		\$376.07	\$67.50	\$69.76	\$32.62	\$45.58				\$6,494.22
604	\$8,824.95	\$2,210.00		\$376.07	\$63.00	\$69.76	\$32.62	\$45.58				\$10,447.92
606	(\$1,600.52)	\$3,420.00		\$342.57	\$96.00	\$69.76	\$32.62	\$35.88				\$1,242.65
607	(\$3,154.15)	\$2,210.00		\$378.11	\$63.00	\$69.76	\$32.62	\$35.88				(\$1,523.52)
608	\$15,913.32	\$2,100.00		\$376.07	\$63.00	\$69.76	\$32.62	\$35.88				\$17,435.99
609	\$5,777.87	\$2,100.00		\$376.07	\$63.00	\$69.76	\$32.62	\$50.04				\$7,286.38
705	\$13,443.54	\$2,310.00		\$378.11	\$69.30	\$69.76	\$32.62	\$45.58				\$15,158.17
706	\$3,318.85	\$1,400.00		\$342.57	\$42.00	\$69.76	\$32.62	\$35.88				\$4,196.02
804	\$9,976.12	\$2,200.00		\$376.07	\$66.00	\$69.76	\$32.62	\$35.88				\$11,595.79
805	\$3,349.00	\$2,260.00		\$378.11	\$64.50	\$69.76	\$32.62	\$35.88	\$387.06			\$4,641.07
808	\$209.60			\$376.07		\$69.76	\$32.62	\$109.34				(\$378.19)
901	(\$7,099.70)	\$1,920.00		\$342.57	\$51.00	\$69.76	\$32.62	\$35.88				(\$5,711.53)
904	(\$4,145.30)			\$376.07		\$69.76	\$32.62	\$35.88				(\$4,659.63)
905	\$12,779.54	\$2,300.00		\$378.11	\$69.00	\$69.76	\$32.62	\$45.58				\$14,484.47
907	\$12,343.34	\$4,625.00		\$378.11	\$163.00	\$69.76	\$32.62	\$45.58				\$16,279.27
1005	\$14,741.54			\$378.11		\$69.76	\$32.62	\$45.58				\$14,215.47
1008	\$2,680.46	\$2,460.00		\$376.07	\$70.50	\$69.76	\$32.62	\$35.88				\$4,555.63
1010	(\$3,916.04)			\$378.11		\$69.76	\$32.62	\$78.89				(\$4,475.42)
1105	\$10,776.27	\$2,050.00		\$378.11	\$61.50	\$69.76	\$32.62	\$35.88				\$12,248.40
1106	\$7,517.72			\$342.57		\$69.76	\$32.62	\$35.88		\$14,369.30		(\$7,332.41)

**CS360 Towers, LLC**  
**Period: September 2017**

Unit #	Starting Cash	Rental Income	Other Income	HOA Dues	PM Fees	Leasing Mgr	Insurance	Utilities	Maint/ Repairs/ Make Ready	Property Taxes	UST/Misc.	Ending Cash Balance
1205	\$12,097.57			\$378.11		\$69.76	\$32.62	\$35.88				\$11,581.20
1207	\$3,689.64	\$2,300.00		\$378.11	\$69.00	\$69.76	\$32.62	\$35.88			\$2,083.00	\$3,321.27
1407	\$15,567.87	\$2,600.00		\$376.07	\$78.00	\$69.76	\$32.62	\$42.12				\$17,569.30
1608	\$3,228.53			\$378.11		\$69.76	\$32.62	\$190.28				\$2,557.76
<b>Totals</b>	<b>\$117,369.02</b>	<b>\$55,040.00</b>	<b>\$0.00</b>	<b>\$15,632.11</b>	<b>\$1,545.25</b>	<b>\$3,000.00</b>	<b>\$1,402.93</b>	<b>\$2,820.72</b>	<b>\$387.06</b>	<b>\$14,369.30</b>	<b>\$2,083.00</b>	<b>\$131,168.65</b>

Cash Summary			Balance
Group	Ending Cash	Non-Restricted	Balance
CS360	(\$19,403.21)	\$46,117.29	\$26,714.08
Elvidge	\$114,156.59		\$114,156.59
Speckert	\$23,395.43		\$23,395.43
Johnson	\$9,698.57		\$9,698.57
McKenna	\$3,321.27		\$3,321.27
<b>Total</b>	<b>\$131,168.65</b>	<b>\$46,117.29</b>	<b>\$177,285.94</b>

Security Deposit Account:	\$29,200.00
<b>Total Cash</b>	<b>\$206,485.94</b>

# **EXHIBIT C**

**CS360 Towers**  
**Case: 17-20731**

Creditor	Priority Claim	Unsecured Claim
Department of the Treasury - Internal Revenue Service	\$23,400.00	\$0.00
Sacramento Municipal Utility District (SMUD)		\$940.70
Brady & Vinding		\$14,425.31
Norman Coontz*		\$105,271.99
Blake Grossman*		\$197,063.87
Passi Realty LLC***		\$2,493,146.65
Richard Tsai*		\$65,000.00
Minder Cheng*		\$65,000.00
Gemack Associates, LLP**		\$9,100,183.05
<b>Total</b>	<b>\$23,400.00</b>	<b>\$12,041,031.57</b>
<b>Subordinated to Equity</b>		
Mark D. Chisick, Trustee c/o Chisick Family Trust		\$2,981,243.39
<p>* Claim Objection Filed or Pending                      ** Claim Objection Pending, Equity Subordination                      *** Passi asserts a partial secured claim. If successful estimated distributions below would be adjusted accordingly.</p>		

<u>Admin Expenses</u>	
Trustee Fees & Expenses	\$ 450,000.00
Downey Brand	\$ 250,000.00
Property Management / Other	\$ 75,000.00
Professional Fees (post-confirmation)	\$ 100,000.00
Tax Accountant	\$ 75,000.00
<b>Total Admin Exp</b>	<b>\$ 950,000.00</b>

<b>Estimated Cash Available after Expenses &amp; Priority Claims</b>	<b>\$ 3,000,000.00</b>
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<u>Without Equity Subordination</u>	
Total Claims	\$12,041,031.57
Unsecured Distribution %	25%

<u>With Equity Subordination</u>	
Total Claims	\$2,940,848.52
Unsecured Distribution %	100%