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ANTIGUA CANTINA & GRILL, INC.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA
SACRAMENTO DIVISION

In re)	Case No. 18-20608-A-11
)	
ANTIGUA CANTINA & GRILL, INC.)	DCN: NCK-002
)	
Debtor and Debtor-in-Possession.)	DEBTOR'S...
)	
)	DISCLOSURE STATEMENT
)	
)	FOR THE FIRST AMENDED
)	
)	PLAN OF REORGANIZATION,
)	
)	DATED FILED: May 8, 2018
)	
)	(OFFICIAL FORM 25B)
)	
)	June 18 at 10:00 a.m.
)	
)	Department 28

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1 **I. INTRODUCTION**

2 This is the Disclosure Statement (the “Disclosure Statement”) in the chapter 11 case of
3 Antigua Cantina & Grill, Inc. (the “Debtor”). This Disclosure Statement contains information
4 about the Debtor and describes Plan of Reorganization (the “Plan”) filed by the Debtor on
5 May 8, 2017. A full copy of the **Plan** is attached to this Disclosure Statement as **Exhibit A**.
6 Capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in
7 the Plan.

8 *Your rights may be affected. You should read the Plan and this Disclosure Statement*
9 *carefully and discuss them with your attorney. If you do not have an attorney, you may wish to*
10 *consult one.*

11 The proposed distributions under the Plan are discussed at pages 8 through 25 of this
12 Disclosure Statement. General unsecured creditors are classified in Class 13, and will receive a
13 distribution of 100% of their allowed claims, to be distributed in equal monthly installments, with
14 any interest.

15 **A. Purpose of This Document**

16 This Disclosure Statement describes:

- 17 1. The Debtor and significant events during the bankruptcy case,
- 18 2. How the Plan proposes to treat claims or equity interests of the type you hold
19 (i.e., what you will receive on your claim or equity interest if the plan is
20 confirmed),
- 21 3. Who can vote on or object to the Plan,
- 22 4. What factors the Bankruptcy Court (the “Court”) will consider when deciding
23 whether to confirm the Plan,
- 24 5. Why Debtor believes the Plan is feasible, and how the treatment of your claim or
25 equity interest under the Plan compares to what you would receive on your claim or
26 equity interest in liquidation, and
- 27 6. The effect of confirmation of the Plan.

28 Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement
describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

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

2 The Court has not yet confirmed the Plan described in this Disclosure Statement. This
3 section describes the procedures pursuant to which the Plan will or will not be confirmed.

4 1. *Time and Place of the Hearing to Confirm the Plan*

5 The hearing at which the Court will determine whether to confirm the Plan will take place
6 on June 18, at 10:00 a.m., in Courtroom 28, at the United States Bankruptcy Court for the Eastern
7 District of California, 501 I Street, Sacramento, California.

8 2. *Deadline For Voting to Accept or Reject the Plan*

9 If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return
10 the ballot in the enclosed envelope to The Knight Law Group, 800 J Street, # 441, Sacramento,
11 CA 95814. See section IV.A. below for a discussion of voting eligibility requirements.

12 Your ballot must be received by The Knight Law Group or it will not be counted.

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

14 Objections to the confirmation of the Plan must be filed with the Court and served upon
15 Debtor's counsel, the Office of the United States Trustee for the Eastern District of California and
16 any parties in this proceeding requesting special notice.

17 4. *Identity of Person to Contact for More Information*

18 If you want additional information about the Plan, you should contact Debtor's attorney.

19 **C. Disclaimer**

20 *The Court has approved this Disclosure Statement as containing adequate information*
21 *to enable parties affected by the Plan to make an informed judgment about its terms. The Court*
22 *has not yet determined whether the Plan meets the legal requirements for confirmation, and the*
23 *fact that the Court has approved this Disclosure Statement does not constitute an endorsement*
24 *of the Plan by the Court, or a recommendation that it be accepted.*

24 **II. BACKGROUND**

25 **A. Description and History of the Debtor's Business**

26 The Debtor is a California corporation, formed in November 2015 for the purpose of
27 owning and leasing the property commonly known as 2019 O Street, Sacramento, California
28 (the "O Street Property"). Felipe Olvera, Jr. is the sole shareholder and President of the Debtor.

1 Debtor is the successor in interest to 2019 O Street Investors, Inc. as to the O Street
2 Property (“2019 O Street Investors”) and it acquired such property in consideration for assumption
3 of the mortgage loan debt and judgment liens secured by the property. Felipe Olvera was also the
4 sole shareholder and President of 2019 O Street Investors. 2019 O Street Investors acquired the O
5 Street Property from another California corporation with the same name as the Debtor (“Antigua
6 Cantina I”) in or around February 2015. Antigua Cantina I operated bar and restaurant businesses
7 at the O Street Property and elsewhere throughout downtown Sacramento from 2008 through
8 2014, when it was dissolved. Mr. Olvera was the sole shareholder and President of Antigua
9 Cantina I and all or nearly all of the Debtor’s creditors were creditors of Antigua Cantina I.

10 Neither Debtor nor 2019 O Street Investors obtained the consent of creditors holding liens
11 against the O Street Property prior to the transfers. Mr. Olvera was also the sole shareholder of
12 Alley Katz Brewery & Restaurants, Inc. (“Alley Katz”), the tenant at the O Street Property which
13 previously operated a bar and restaurant in the O Street Property before subleasing the O Street
14 property to Brig Bar & Grill, LLC; said sublease and sublease having been terminated by
15 Mr. Olvera in 2017 and as result, receivables are returning to robust level as evidenced
16 the **Profit and Loss Statement** herein submitted as **Exhibit C**.

17 **B. Insiders of the Debtor**

18 Debtor has the following insiders, as such term is defined under Section 101 of the Code:

19 1. Felipe Olvera, Jr. is the President of the Debtor and the sole member of its
20 Board of Directors. He also holds a 100% ownership interest in the Debtor.

21 **Management of the Debtor Before and During the Bankruptcy**

22 During the two years prior to the date on which the bankruptcy petition was filed, the
23 officer and director in control of the Debtor (the “Manager”) was Felipe Olvera, Jr.

24 The Manager of the Debtor during the Debtor’s chapter 11 case have been:
25 Felipe Olvera, Jr.

26 After the effective date of the order confirming the Plan, the director and officer managing
27 the Debtor (the “Post Confirmation Manager”), will be: Felipe Olvera, Jr.

28 The responsibilities and compensation of these Post Confirmation Manager are described
in Section III.D.2 of this Disclosure Statement.

1 **D. Events Leading to Chapter 11 Filing**

2 In 2017, Charles N. Travers IRA #887220801, the mortgage lender holding a first priority
3 deed of trust recorded against the O Street Property, recommenced foreclosure proceedings against
4 such property and noticed a trustee sale for February 5, 2018. In order to ensure that the O Street
5 Property was not lost to foreclosure, Debtor was forced to file for bankruptcy protection
6 under Chapter 11 on February 2, 2018 (the "Petition Date").
7

8 **D 1. Events Impacting Debtor Profitability; Pre and Post Filing...**

9 Antigua was very profitable before the Principal decided to lease it out to The Bunker Bar
10 & Grill. The tenant did not operate the business with success and was unable to pay the monthly
11 rent; and Bunker Bar was subsequently evicted. Since Felipe Olvera took back the in August 2017
12 Antigua has experienced a slow but steady increase in sales. The operation now has experienced
13 managers, cooks and bartenders in place to continue the upward sales trajectory and also make
14 payment on the Chapter 11 Plan.
15

16 **E. Significant Events During the Bankruptcy Case**

17 Following the Petition Date, the Debtor has managed its affairs as a debtor-in-possession
18 pursuant to 11 U.S.C. §§ 1107 and 1108.

19 On May 24, 2018, the Debtor filed its proposed Disclosure Statement and Plan of
20 Reorganization. Debtor also filed its motion to approve such disclosure statement on the same
21 date.

22 Commensurate with the Plan of Reorganization, Mr. Olvera made the decision to refinance
23 the 2019 O Street Property. A refinance loan of at least \$1,200,000.00 would be required to satisfy
24 the mortgage loan, property taxes and the face amount of all judgment liens (without accounting
25 for interest on such judgment liens).

26 **F. Projected Recovery of Avoidable Transfers**

27 The Debtor has not yet completed its investigation with regard to prepetition transactions.
28 If you received a payment or other transfer within 90 days of the bankruptcy, or other transfer
avoidable under the Code, the Debtor may seek to avoid such transfer.

1 **G. Claims Objections**

2 Except to the extent that a claim is already allowed pursuant to a final non-appealable
3 order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed
4 for voting purposes, you may not be entitled to a distribution if an objection to your claim is later
5 upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

6
7 **H. Current and Historical Financial Conditions**

8 The identity and fair market value of the estate's assets are listed in the Appraisal noted as
9 **Exhibit B**. The basis of these estimates are the Debtor's books and records and the opinions of the
10 Debtor's principals. The most recent post-petition Profit and Loss since the commencement of the
11 Debtor's bankruptcy case is set forth in **Exhibit C**.

12 **III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF
13 CLAIMS AND EQUITY INTERESTS**

14 **A. What is the Purpose of the Plan of Reorganization?**

15 As required by the Code, the Plan places claims and equity interests in various classes and
16 describes the treatment each class will receive. The Plan also states whether each class of claims
17 or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be
18 limited to the amount provided by the Plan.

19 **B. Unclassified Claims**

20 Certain types of claims are automatically entitled to specific treatment under the Code.
21 They are not considered impaired, and holders of such claims do not vote on the Plan. They may,
22 however, object if, in their view, their treatment under the Plan does not comply with that required
23 by the Code. As such, the Plan Proponent has not placed the following claims in any class:

24 1. *Administrative Expenses*

25 Administrative expenses are costs or expenses of administering the Debtor's chapter 11
26 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the
27 value of any goods sold to the Debtor in the ordinary course of business and received within 20
28 days before the date of the bankruptcy petition. The Code requires that all administrative expenses
be paid on the effective date of the Plan, unless a particular claimant agrees to a different
treatment.

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The following chart lists the Debtor’s estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date		Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	\$8,000	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk’s Office Fees		Paid in full on the effective date of the Plan
Other administrative expenses		Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees		Paid in full on the effective Plan date.
TOTAL	\$8,800.00	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor’s estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
California Franchise Tax Board -Corporate Income Tax	\$800.00	2015	The allowed priority claim of the California Franchise Tax Board shall be paid over five (5) years from the Effective Date of the Plan in equal monthly installments, with interest accruing at the rate of 4.75% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$15.01 on the California Franchise Tax Board’s Corporate Income Tax Claim. The priority corporate income tax of the California Franchise Tax Board shall be paid in full within five (5) years of the Effective Date of the Plan.
Internal Revenue Service – Corporate Income Tax	\$2,100.00	2012-2015	The allowed priority claim of the Internal Revenue Service shall be paid over five (5) years from the Effective Date of the Plan in equal monthly installments, with interest accruing at the rate of 4.75% per annum. On the first day of the month following the

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Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
			<p>month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$39.39.</p> <p>The priority corporate income tax claim of the Internal Revenue Service shall be paid in full within five (5) years of the Effective Date of the Plan.</p>
State of California Board of Equalization – Sales Tax	\$148,525.16	2013-2014	<p>The allowed priority claim of the State of California Board of Equalization shall be paid over twenty five (25) years from the Effective Date of the Plan in equal monthly installments, with interest accruing at the rate of 4.75% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$802.45 of the State of California Board of Equalization’s priority sales tax claim. The State Board of Equalization shall retain its lien on the subject property unaffected by the Plan. Debtor’s shareholders shall retain their interests in the Debtor.</p>

C. . **Classes of Claims and Equity Interests**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor’s bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor’s claim is less than the amount of the creditor’s allowed claim, the deficiency will be classified as a general unsecured claim.

The following chart lists all classes containing Debtor=s secured prepetition claims and their proposed treatment under the Plan:

Class #	Description	Insider? (Yes or No)	Impairment	Treatment
1	Secured Claim of the Sacramento County Assessor secured by a property tax lien on 2019 O Street, Sacramento, California.	No	Paid through March 2018. The December 2017 and April 2018 installments are due in the amount of \$13,252.96.	The Class 1 Secured Claim of the Sacramento County Assessor is in the amount of approximately \$102,804.32. Has been satisfied by Class 2 Secured Claimant BRAE86GEOPROP LLC f/k/a and formerly held by Charles N. Travers IRA#887220901. The December 2017 and April 2018 installments are due in the amount of \$13,252.96.

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2	<p>Secured Claim of BRAE86GEOPROP LLC f/k/a Charles N. Travers IRA #887220801; secured by first priority deed of trust on 2019 O Street, Sacramento, California.</p>	No	Impaired	<p>The Class 2 Secured Claim of BRAE86GEOPROP LLC (“BRAE”) f/k/a Charles N. Travers IRA #887220801 (“Travers IRA”) is in the amount of approximately \$1,050,214.40..</p> <p>The Class 2 Claim of BRAE shall be unaffected by the Plan except that its maturity date shall be extended for two (2) years from the Effective Date of the Plan. Following the Effective Date of the Plan, Debtor shall continue to make monthly, interest-only, payments to Travers IRA at the non-default contract rate of \$6,250.00.</p> <p>BRAE shall retain its lien on the subject property unaffected by the Plan.</p>
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3	Secured Claim of Juan Carlos Rivera Leon secured by a judgment lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 3 Secured Claim of Juan Carlos Rivera Leon is in the amount of approximately \$2,014.10.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$10.91 on Juan Carlo Rivera Leon's Class 3 Secured Claim. Such monthly payments shall continue until this Class 3 Secured Claim is paid in full.</p> <p>Juan Carlos Rivera Leon shall retain his lien on the subject property unaffected by the Plan.</p>
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4	Secured Claim of Geronimo Avelar secured by a judgment lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 4 Secured Claim of Geronimo Avelar is in the amount of approximately \$95,168.24.</p> <p>Such amount shall be amortized over twenty-five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$504.46 on the Class 4 Secured Claim of Geronimo Avelar. Such monthly payments shall continue until this Class 4 Secured Claim is paid in full.</p> <p>Geronimo Avelar shall retain his lien on the subject property unaffected by the Plan.</p>
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5	Secured Claim of the California Labor Commissioner secured by a judgment lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 5 Secured Claim of the California Labor Commissioner is in the amount of approximately \$97,063.00.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$525.83 on the Class 5 Secured Claim of the California Labor Commissioner. Such monthly payments shall continue until this Class 5 Secured Claim is paid in full.</p> <p>The California Labor Commissioner shall retain its lien on the subject property unaffected by the Plan.</p>
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6	Secured Claim of US Foods, Inc. secured by a judgment lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 6 Secured Claim of US Foods, Inc. is in the amount of approximately \$14,138.65.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$76.59 on the Class 6 Secured Claim of US Foods, Inc. Such monthly payments shall continue until this Class 6 Secured Claim is paid in full.</p> <p>US Foods, Inc. shall retain its lien on the subject property unaffected by the Plan.</p>
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7	Secured Claim of the State of California Labor Commissioner Chief secured by a judgment lien on 2019 O Street, Sacramento, California	No	Impaired	<p>The Class 7 Secured Claim of the State of California Labor Commissioner Chief is in the amount of approximately \$10,000.00.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$54.17 on the Class 7 Secured Claim of the State of California Labor Commissioner Chief. Such monthly payments shall continue until this Class 7 Secured Claim is paid in full.</p> <p>The State of California Labor Commissioner Chief shall retain its lien on the subject property unaffected by the Plan.</p>
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8	Secured Claim of the California Labor Commissioner secured by a penalty lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 8 Secured Claim of the California Labor Commissioner is in the amount of approximately \$28,944.86.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$156.81 on the Class 8 Secured Claim of the California Labor Commissioner. Such monthly payments shall continue until this Class 8 Secured Claim is paid in full.</p> <p>The California Labor Commissioner shall retain its lien on the subject property unaffected by the Plan.</p>
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9	Secured Claim of the California Employment Development Department secured by a tax lien on 2019 O Street, Sacramento, California	No	Impaired	<p>The Class 9 Secured Claim of the California Employment Development Department is in the amount of approximately \$1056.59.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$5.72 on the Class 9 Secured Claim of the California Labor Commissioner. Such monthly payments shall continue until this Class 9 Secured Claim is paid in full.</p> <p>The California Employment Development Department shall retain its lien on the subject property unaffected by the Plan.</p>
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10	Secured Claim of the California Employment Development Department secured by a tax lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 10 Secured Claim of the California Employment Development Department is in the amount of approximately \$833.61.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$4.52 on the Class 10 Secured Claim of the California Employment Development Department. Such monthly payments shall continue until this Class 10 Secured Claim is paid in full.</p> <p>The California Employment Development Department shall retain its lien on the subject property unaffected by the Plan.</p>
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11	Secured Claim of the California Employment Development Department secured by a tax lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 11 Secured Claim of the California Employment Development Department is in the amount of approximately \$1,632.75.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$8.85 on the Class 11 Secured Claim of the California Employment Development Department. Such monthly payments shall continue until this Class 11 Secured Claim is paid in full.</p> <p>The California Employment Development Department shall retain its lien on the subject property unaffected by the Plan.</p>
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12	Class 12 – Secured Claim of Advance Restaurant Finance , secured by a lien on 2019 O Street, Sacramento, California.	No	Impaired	<p>The Class 13 Secured Claim of Advanced Restaurant Finance is in the amount of approximately \$88,180.07.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$476.00 on the Class 12 Secured Claim of Advanced Restaurant Finance. Such monthly payments shall continue until this Class 12 Secured Claim is paid in full.</p> <p>Advanced Restaurant Finance shall retain its lien on the subject property unaffected by the Plan.</p>
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<p>13</p> <p>Class 13 - Secured Claim of the California Board of Equalization, secured by a lien on 2019 O Street, Sacramento, California.</p>	<p>No</p>	<p>Impaired</p>	<p>The Class 13 Secured Claim of the California Board of Equalization is in the amount of approximately \$148,525.16.</p> <p>Such amount shall be amortized over twenty five (25) years, with interest accruing at the rate of 4.25% per annum. On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$802.45 on the Class 13 Secured Claim of the California Employment Development Department. Such monthly payments shall continue until this Class 13 Secured Claim is paid in full. SBOE shall retain its lien on the subject property unaffected by the Plan.</p>
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2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

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Class #	Description	Impairment	Treatment
None			

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan’s proposed treatment of Classes 5 through 6, which contain unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
13	General Unsecured Class	Impaired	<p>Debtor estimates that the total amount of Class 13 general unsecured claims to be approximately \$8,208.52, consisting solely of the allowed unsecured claim of the Sacramento Municipal Utility District.</p> <p>The Debtor shall repay 100% of Allowed Unsecured Claims in equal monthly installments over five (5) years from the Effective Date of the Plan. Interest on Allowed Unsecured Claims shall accrue at the rate of 4.25% per annum.</p> <p>On the first day of the month following the month in which the Effective Date of the Plan occurs, Debtor shall begin monthly payments, consisting of principal and interest, in the amount of \$152.10 on Class 13 general unsecured claims. Such payments shall continue until the Class 13 general unsecured claims are paid in full.</p>

4. *Class of Equity Interest Holders*

1 Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in
 2 the Debtor. In a corporation, entities holding preferred or common stock are equity interest
 3 holders. In a partnership, equity interest holders include both general and limited partners.
 4 In a limited liability company (“LLC”), the equity interest holders are the members. Finally,
 5 with respect to an individual who is a debtor, the Debtor is the equity interest holder.

6 The following chart sets forth the Plan=s proposed treatment of the classes of equity
 7 interest holders:

Class #	Description	Impairment	Treatment
14	Equity interest holders	Unimpaired	Debtor's shareholders shall retain their interests in the Debtor.

13 **D. Means of Implementing the Plan**

14 1. *Source of Payments*

15 Payments and distributions under the Plan will be funded by the following:

16 Debtor shall fund the Plan with the proceeds and profits of leasing the O Street Property.

17 2. *Post-confirmation Management*

18 The Post-Confirmation Managers of the Debtor, and their compensation, shall be as

19 follows:

Name	Insider (yes or no)?	Position	Compensation
Felipe Olvera, Jr.	Yes	President	None

22 **E. Risk Factors**

23 The proposed Plan has the following risks:

24 Debtor’s operations are subject to the volatility and fluctuations in price and demand
 25 inherent in the commercial real estate market in Sacramento, California. If Debtor’s existing
 26 tenant defaults on its lease obligations and Debtor is unable to replace such tenant with another
 27 lessee at a similar rental rate, Debtor’s operations may suffer and Debtor may default on the Plan.

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1 **F. Executory Contracts and Unexpired Leases**

2 The Plan, in Section 6.01, lists all executory contracts and unexpired leases that the Debtor
3 will assume under the Plan. Assumption means that the Debtor has elected to continue to perform
4 the obligations under such contracts and unexpired leases, and to cure defaults of the type that
5 must be cured under the Code, if any. Section 6.01 also lists how the Debtor will cure and
6 compensate the other party to such contract or lease for any such defaults.

7 If you object to the assumption of your unexpired lease or executory contract, the proposed
8 cure of any defaults, or the adequacy of assurance of performance, you must file and serve your
9 objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the
10 Court has set an earlier time.

11 All executory contracts and unexpired leases that are not listed in Section 6.01 will be
12 rejected under the Plan. Consult your adviser or attorney for more specific information about
13 particular contracts or leases.

14 If you object to the rejection of your contract or lease, you must file and serve your
15 objection to the Plan within the deadline for objecting to the confirmation of the Plan.

16 **G. Tax Consequences of Plan**

17 Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their
18 Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

19 The following are the anticipated tax consequences of the Plan:

20 There are no likely adverse tax consequences to any class of creditors as a result of the
21 confirmation of the Plan except if a member of a class has previously written off an obligation of
22 the Debtor.

23 **IV. CONFIRMATION REQUIREMENTS AND PROCEDURES**

24 To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the
25 Code. These include the requirements that: the Plan must be proposed in good faith; at least one
26 impaired class of claims must accept the plan, without counting votes of insiders; the Plan must
27 distribute to each creditor and equity interest holder at least as much as the creditor or equity
28 interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest
holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only
requirements listed in § 1129, and they are not the only requirements for confirmation.

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

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

4 Many parties in interest, however, are not entitled to vote to accept or reject the Plan.
5 A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor
6 or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for
7 voting purposes and (2) impaired.

8 In this case, the Plan Proponent believes that classes are impaired and that holders of
9 claims in each of these classes are therefore entitled to vote to accept or reject the Plan.
10 The Plan Proponent believes that no class is unimpaired.

11 1. *What Is an Allowed Claim or an Allowed Equity Interest?*

12 Only a creditor or equity interest holder with an allowed claim or an allowed equity
13 interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either
14 (1) the Debtor has scheduled the claim on the Debtor=s schedules, unless the claim has been
15 scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or
16 equity interest, unless an objection has been filed to such proof of claim or equity interest. When a
17 claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or
18 equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection
19 or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal
20 Rules of Bankruptcy Procedure.

21 The deadline for filing a proof of claim in this case is April 18, 2016.

22 2. *What Is an Impaired Claim or Impaired Equity Interest?*

23 As noted above, the holder of an allowed claim or equity interest has the right to vote only
24 if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is
25 considered impaired if the Plan alters the legal, equitable, or contractual rights of the members
26 of that class.
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1 3. *Who is **Not** Entitled to Vote*

2 The holders of the following five types of claims and equity interests are not entitled to
3 vote:

- 4 • holders of claims and equity interests that have been disallowed by an order of the
5 Court;
6 • holders of other claims or equity interests that are not “allowed claims” or “allowed
7 equity interests” (as discussed above), unless they have been “allowed” for voting
8 purposes.
9 • holders of claims or equity interests in unimpaired classes;
10 • holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of
11 the Code; and
12 • administrative expenses.

13 ***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the
14 Confirmation of the Plan.***

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

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

19 **B. Votes Necessary to Confirm the Plan**

20 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired
21 class of creditors has accepted the Plan without counting the votes of any insiders within that
22 class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be
23 confirmed by Acram down@ on non-accepting classes, as discussed later in Section B.2..
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1 1. *Votes Necessary for a Class to Accept the Plan*

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

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

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10 2. *Treatment of Nonaccepting Classes*

11 Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm
12 the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code.
13 A plan that binds nonaccepting classes is commonly referred to as a *Acram down* plan. The
14 Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the
15 requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the
16 Code, does not *Adiscriminate unfairly,* and is *Afair and equitable* toward each impaired class
17 that has not voted to accept the Plan.

18 *You should consult your own attorney if a **Acramdown** confirmation will affect your*
19 *claim or equity interest, as the variations on this general rule are numerous and complex.*

20 C. **Liquidation Analysis**

21 To confirm the Plan, the Court must find that all creditors and equity interest holders who
22 do not accept the Plan will receive at least as much under the Plan as such claim and equity
23 interest holders would receive in a chapter 7 liquidation. A liquidation analysis will be submitted
24 under separate cover to this Disclosure Statement.

25 D. **Feasibility**

26 The Court must find that confirmation of the Plan is not likely to be followed by the
27 liquidation, or the need for further financial reorganization, of the Debtor or any successor to the
28 Debtor, unless such liquidation or reorganization is proposed in the Plan.

1 1. *Ability to Initially Fund Plan*

2 The Plan Proponent believes that the Debtor will have enough cash on hand on the
3 effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that
4 date.

5 2. *Ability to Make Future Plan Payments And Operate Without Further*

6 *Reorganization*

7 The Plan Proponent must also show that it will have enough cash over the life of the Plan
8 to make the required Plan payments.

9 The Plan Proponent has provided projected financial information. Those projections are
10 listed in **Exhibit D and will be revised and submitted under separate cover to this Disclosure.**

11 The final Plan payment is expected to be paid in August 2041.

12 ***You Should Consult with Your Accountant or other Financial Advisor If You Have Any***
13 ***Questions Pertaining to These Projections.***

14 **V. EFFECT OF CONFIRMATION OF PLAN**

15 **A. DISCHARGE OF DEBTOR**

16 Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt
17 that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the
18 extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of
19 any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint
20 was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii)
21 of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the
22 Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

23 **B. Modification of Plan**

24 The Plan Proponent may modify the Plan at any time before confirmation of the Plan.
25 However, the Court may require a new disclosure statement and/or revoting on the Plan.
26 The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the
27 Plan has not been substantially consummated and (2) the Court authorizes the proposed
28 modifications after notice and a hearing.

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C. Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

Respectfully submitted,

THE KNIGHT LAW GROUP

s/s Noel Knight

By: _____
Noel Knight, Attorney for Debtor
ANTIGUA CANTINA & GRILL, INC.

Dated: May 8, 2018