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United States Bankruptcy Court
Northern District of California

United States Bankruptcy Court
San Jose, California

In re: Mark Feathers/Debtor

Case No. 16-52430
Chapter 11

**[PROPOSED] COMBINED PLAN OF REORGANIZATION
[TENTATIVELY APPROVED] DISCLOSURE STATEMENT as of 11-28-16**

INTRODUCTION

This is Debtor's Combined Chapter 11 Plan of Reorganization and Disclosure Statement (the Plan). The Plan identifies each known creditor by name and describes how each claim will be treated if the Plan is confirmed.

Part 1 contains the treatment of creditors with secured claims, and who will all be paid 100% of their secured claims, with the exception of creditor "Marriott", who will be paid at 50% of their pre-petition secured claim of approximately \$9,000, and Chase Bank, who will be paid at 56.2% of their pre-petition secured claim of approximately \$495,000; Part 2 contains the treatment of general unsecured creditors: Debtor intends to make payment of 100% of the claims of unsecured creditors, likely to result in a 100% recovery of allowed claims in over sixty monthly payments, with the exception of the United States Securities and Exchange Commission, whose claims are presently contested in the full amount of the claim by Debtor with the United States 9th Circuit Court of Appeals, and the IRS, whose claims at present are with the United States Tax Court. Debtor's taxes and other priority claims, as they become due, would be paid in full, as shown in Part 3; accruals through the date of approval of the Plan on Debtor's first mortgage would be deferred for five years, at which time all deferred amounts would become due and payable.

Debtor proposes that creditors in impaired classes are entitled to vote on confirmation of the Plan, with the exception of the United States Securities and Exchange Commission, who will not be entitled to vote on confirmation of the Plan. Completed ballots must be received by Debtor, and objections to confirmation must be filed and served, no later than a date which will be established by the Court. The court will hold a hearing on confirmation of the Plan on the date and time which is established by the Court.

Debtor's Bankruptcy Petition and Schedules, and subsequent Amended Schedules, are exhibits of public record which contain financial information that may help Debtor's secured and unsecured creditors decide how to vote and whether to object to confirmation. Exhibit 1 includes background information regarding Debtor and the events that led to the filing of the bankruptcy petition and describes significant events that have occurred during this Chapter 11 case. As Debtor does not qualify for a Chapter 7 liquidation based upon Debtor's prior Chapter 7 filing in November 2013 no liquidation analysis is presented with this Plan. Exhibit 3 shows (and Exhibit 1-1 of Debtor's petition filing) shows Debtor's household monthly income and expenses and demonstrates sufficient household income to demonstrate Debtor's ability to meet the terms of the Plan. Exhibit 3 describes how much Debtor is required to pay on the effective date of the plan.

Whether the Plan is confirmed is subject to complex legal rules that cannot be fully described here. Debtor's secured and unsecured creditors are strongly encouraged to read the Plan carefully and to consult an attorney to help determine how to vote and whether to object to confirmation of the Plan.

If the Plan is confirmed, the payments promised in the Plan constitute new contractual obligations that replace the Debtor's pre-confirmation debts. Creditors may not seize their collateral or enforce their pre-confirmation debts so long as Debtor performs all obligations under the Plan. If Debtor defaults in performing Plan obligations, any creditor can file a motion to have the case dismissed or converted to a Chapter 7 liquidation, or enforce their non-bankruptcy rights. Debtor will be discharged from all pre-confirmation debts (with certain exceptions) if Debtor makes all Plan payments. Enforcement of the Plan, discharge of the Debtor, and creditors' remedies if Debtor defaults are described in detail in Parts 5 and 6 of the Plan.

PART 1: TREATMENT OF SECURED CREDITORS - Creditors' Rights Remain Unchanged.

Class	Name of Creditor	Description of Collateral
1	Bank of America, N.A.	Senior secured deed of trust on residential real property
1	Chase Bank, N.A.	Secured deed of trust on residential real property
1	Systems & Services	Lien on real property - travel trailer
1	Title Max of CA Inc.	Lien on real property - automobile

1	Marriott	Lien on real property - time share
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These creditors' legal, equitable, and contractual rights remain unchanged with respect to the above collateral. The confirmation order will constitute an order for relief from stay. Creditors in these classes shall retain their interest in the collateral until paid in full. **These secured claims, with the exception of "Marriott", are not impaired and are not entitled to vote on confirmation of the Plan.**

Debtor to Make Regular Payments and Pay Arrears Over Time.

Class	Name of Creditor	Collateral	Regular Monthly Payment	Estimated Arrears	Interest Rate on Arrears	Monthly Payment on Arrears
1	Bank of America, N.A.	Senior deed of trust	4,571.28	383,314	3%	958.28
1	Systems & Services	Lien	279	1,160	18%	29
1	Title Max of CA Inc.	Lien	0	4,500	18%	114
1	Marriott	Deed of Trust	0	4,500	5%	85

Debtor will pay the entire amount contractually due by making all post-confirmation regular monthly payments, and by paying all pre-confirmation arrears (including attorney's fees and late charges) with interest in sixty equal monthly payments, due the 5th day of the month, starting on a date of the Court's determination on the above secured claims. To the extent arrears are determined to be other than as shown above, appropriate adjustments will be made to the amount of the monthly payment. Creditors in these classes shall retain their interest in the collateral until paid in full.

Creditors in these classes may not repossess or dispose of their collateral so long as Debtor is not in material default under the Plan (defined in Part 6(c)). **These secured claims are impaired and entitled to vote on confirmation of the Plan.**

Debtor to Strip Lien to Value of Collateral and Pay Over Time.

Class	Name of Creditor	Collateral	Value	Interest Rate	Monthly Payment
1	Chase Bank, N.A.	Residential property	\$2,590,000	3%	695.43

Debtor contends that the value of the collateral, at \$2,590,000, is not sufficient to cover the amount of Chase Bank's claim of \$495,000 after factoring in amounts owed to senior secured creditor, Bank of America, and a \$100,000 homestead exemption for Debtor. Before confirmation, Debtor will submit to the Court an appraisal already performed at the direction of Wells Fargo Bank, for Bank of America, for the Court's confirmation of value for the above collateral. Debtor will pay as a secured claim the amount equal to the value of the collateral securing the claim. Debtor will pay the above portions of the secured claim which are due in full with interest from the Effective Date of the Plan through sixty equal monthly payments. Payments will be due on the fifth day of the month, starting with a Date of the Court's determination. Any remaining amount due is a general unsecured claim. Creditors in these classes shall retain their interest in the collateral until Debtor makes all payments on the allowed secured claim specified in the Plan.

Creditors in these classes may not repossess or dispose of their collateral so long as Debtor is not in material default under the Plan (defined in Part 6(c)). The Court's Guidelines for Valuing and Avoiding Liens in Individual Chapter 11 Cases will apply. **These secured claims are impaired and are entitled to vote on confirmation of the Plan.**

Payments to claimants in these classes may continue past the date Debtor obtains a discharge. The claimants' rights against its collateral shall not be affected by the entry of discharge, but shall continue to be governed by the terms of this Plan.

PART 2: TREATMENT OF GENERAL UNSECURED CREDITORS

Class 2(a). Small Claims.

Name of Creditor	Amount of Claim	Amount to be Paid
Capital One Bank	\$3,563	\$3,563
Credit One Bank	\$525	\$525
Colin Au, DDS	\$582	\$582

Each creditor will receive for sixty months following the Effective Date of the Plan sixty equal payments of the pre-

petition amounts due.

Creditors in this class may not take any collection action against Debtor so long as Debtor is not in material default under the Plan (defined in Part 6(c)). **Claimants in this class are impaired and are entitled to vote on confirmation of the Plan, unless their claims are paid in full with interest on the Effective Date of the Plan.**

Class 2(b). [Other] General Unsecured Claims.

Name of Creditor	Amount of Claim	Disputed Y/N	Amount to be Paid	[Monthly] [Quarterly] Payment
U.S. Securities and Exchange Commission	8,000,000	Y	0	
U.S. Securities and Exchange Commission	10,000	Y	0	
IRS	400,000	Y	0	

Allowed claims of general unsecured creditors named above will be determined after proceedings have been finalized in regards to the legality of their claims. Creditors in this class may not take any collection action against Debtor so long as Debtor is not in material default under the Plan (defined in Part 6(c)). **This class is impaired and Debtor asks the Court not grant this class the ability to vote on confirmation of the Plan. Priority tax claimants are not entitled to vote on confirmation of the Plan.**

PART 3: EXECUTORY CONTRACTS AND UNEXPIRED LEASES

(a) Executory Contracts/Unexpired Leases Assumed. Debtor assumes the following executory contracts and/or unexpired leases upon confirmation of this Plan and will perform all pre-confirmation and post-confirmation obligations thereunder. Post-confirmation obligations will be paid as they come due.

Name of Counter-Party	Description of Contract/Lease	Estimated Total Cure Amount	Installment Amount	Number of Installments
jeep guys	lease on 3 vehicles	0	1,000	indefinite

(b) Executory contracts and unexpired leases not specifically assumed or rejected above will be deemed rejected.

PART 4: DISCHARGE AND OTHER EFFECTS OF CONFIRMATION

(a) Discharge. Debtor shall not receive a discharge of debts until Debtor makes all payments due under the Plan or the court grants a hardship discharge.

(b) Vesting of Property. On the Effective Date, all property of the estate and interests of the Debtor will vest in the reorganized Debtor pursuant to § 1141(b) of the Bankruptcy Code free and clear of all claims and interests except as provided in this Plan.

(c) Plan Creates New Obligations. Except as provided in Part 6(d) and (e), the obligations to creditors that Debtor undertakes in the confirmed Plan replace those obligations to creditors that existed prior to the Effective Date of the Plan. Debtor's obligations under the confirmed Plan constitute binding contractual promises that, if not satisfied through performance of the Plan, create a basis for an action for breach of contract under California law. To the extent a creditor retains a lien under the Plan, that creditor retains all rights provided by such lien under applicable non-Bankruptcy law.

PART 5: REMEDIES IF DEBTOR DEFAULTS IN PERFORMING THE PLAN

(a) Creditor Action Restrained. The confirmed Plan is binding on every creditor whose claims are provided for in the Plan. Therefore, even though the automatic stay terminates on the Effective Date with respect to secured claims, no creditor may take any action to enforce either the pre-confirmation obligation or the obligation due under the Plan, so long as Debtor is not in material default under the Plan, except as provided in Part 6(e) below.

(b) Obligations to Each Class Separate. Debtor's obligations under the Plan are separate with respect to each class of creditors. Default in performance of an obligation due to members of one class shall not by itself constitute a default with respect to members of other classes. For purposes of this Part 6, the holders of all administrative claims shall be considered to be a single class, the holders of all priority claims shall be considered to be a single class, and each non-debtor party to an assumed executory contract or lease shall be considered to be a separate class.

(c) Material Default Defined. If Debtor fails to make any payment, or to perform any other obligation required under the Plan, for more than 10 days after the time specified in the Plan for such payment or other performance, any member of a class

affected by the default may serve upon Debtor and Debtor's attorney (if any) a written notice of Debtor's default. If Debtor fails within 30 days after the date of service of the notice of default either: (i) to cure the default; (ii) to obtain from the court an extension of time to cure the default; or (iii) to obtain from the court a determination that no default occurred, then Debtor is in Material Default under the Plan to all the members of the affected class.

(d) Remedies Upon Material Default. Upon Material Default, any member of a class affected by the default: (i) may file and serve a motion to dismiss the case or to convert the case to Chapter 7; or (ii) without further order of the court has relief from stay to the extent necessary, and may pursue its lawful remedies to enforce and collect Debtor's pre-confirmation obligations.

(e) Claims not Affected by Plan. Upon confirmation of the Plan, and subject to Part 5(c), any creditor whose claims are left unimpaired under the Plan may, notwithstanding paragraphs (a), (b), (c), and (d) above, immediately exercise all of its contractual, legal, and equitable rights, except rights based on default of the type that need not be cured under section 1124(2)(A) and (D).

(f) Retention of Jurisdiction. The bankruptcy court may exercise jurisdiction over proceedings concerning: (i) whether Debtor is in Material Default of any Plan obligation; (ii) whether the time for performing any Plan obligation should be extended; (iii) adversary proceedings and contested matters pending as of the Effective Date or specifically contemplated in this Plan to be filed in this court (see Part 7(f)); (iv) whether the case should be dismissed or converted to one under Chapter 7; (v) any objections to claims; (vi) compromises of controversies under Fed. R. Bankr. Pro. 9019; (vii) compensation of professionals; and (viii) other questions regarding the interpretation and enforcement of the Plan.

PART 6: GENERAL PROVISIONS

(a) Effective Date of Plan. The Effective Date of the Plan is the fifteenth day following the date of the entry of the order of confirmation, if no notice of appeal from that order has been filed. If a notice of appeal has been filed, Debtor may waive the finality requirement and put the Plan into effect, unless the order confirming the Plan has been stayed. If a stay of the confirmation order has been issued, the Effective Date will be the first day after that date on which no stay of the confirmation order is in effect, provided that the confirmation

order has not been vacated.

(b) Cramdown. Pursuant to section 1129(b) of the Bankruptcy Code, Debtor reserves the right to seek confirmation of the Plan despite the rejection of the Plan by one or more classes of creditors.

(c) Severability. If any provision in the Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of the Plan.

(d) Governing Law. Except to the extent a federal rule of decision or procedure applies, the laws of the State of California govern the Plan.

(e) Lawsuits.

Debtor believes that causes of action for fraudulent transfers, voidable preferences, or other claims for relief exist against the following parties:

Party	Creditor Y/N	Nature of Claim	Amount of Claim	Will Debtor Prosecute Action? Y/N
Roger Boudreau	No	Judicial Deception and Constitutional Claims from that	\$5,000,000	Yes - upon confirmation by the United States 9 th Circuit Court of Appeals that debtor holds colorable rights
Joseph R. Galas	No	Unpaid wages	\$75,000	Yes

(f) Notices. Any notice to the Debtor shall be in writing, and will be deemed to have been given three days after the date sent by first-class mail, postage prepaid and addressed as follows:

(g) Post-Confirmation United States Trustee Fees. Following confirmation, Debtor shall continue to pay quarterly fees to the United States Trustee to the extent, and in the amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtor is required to make these payments, Debtor shall file with the court quarterly reports in the form specified by the United States Trustee for Individual Chapter 11

that purpose.

(h) Deadline for § 1111(b) Election. Creditors with an allowed secured claim can make a timely election under section 1111(b) no later than 14 days before the first date set for the hearing on confirmation of the Plan.

Dated: _____

Debtor, pro se

Exhibit 1 - Events That Led To Bankruptcy

June 2012 - the entirety of Debtor's company (Small Business Capital Corp.) assets and most of Debtor's personal liquid and non-liquid were seized, and, or, caused to be sold due to a civil action of the United States Securities and Exchange Commission (see SEC v. Small Business Capital Corp., et al, CV12-03237-EJD). Debtor's company focused on mortgage originations and mortgage servicing of commercial real estate loans made to small business owners throughout the United States by way of a Small Business Administration non-bank national Small Business Lending Company license.

At the time of the civil action against SEC, SEC employed the term many times over "Ponzi" to label debtor and his companies. Due to the civil action, SEC's Ponzi label, and Debtor's adverse summary judgment against him, since June of 2012 Debtor has not been able to gain employment in his career field of employment held through June 2012. Debtor has suffered substantial losses of income he would have anticipated since that time. Debtor anticipates that he will continue to be adversely affected until such time as a federal court of law rules on Debtor's appeals in Debtor's favor.

Exhibit 2 - Monthly Income and Expenses

Income - Household Gross Income (employment, disability, property rents)	Amount
A. Total Monthly Gross Household Income	26,101

Expenses Includes Plan Payments on Secured Claims for Residence and Car	Amount
Payroll Taxes and Related Withholdings	6,013
Retirement Contributions (401k, IRA, PSP)	1,600
Shelter Expenses (rent/mortgage, insurance, taxes, utilities) (Total Arrearages on Principal Residence are \$383,314)	3,620
Household Expenses (food)	1,500
Transportation Expenses (car payments, insurance, fuel)	690
Personal Expenses (e.g. recreation, clothing, laundry, medical)	900
B. Total Monthly Expenses	14,323

Exhibit 3 - Plan Payments

Plan Payments	Amount
Plan Payments Not Included in Calculating Disposable Income	
Administrative Claims	0
Priority Claims	5,744
General Unsecured Creditors	78
D. Total Plan Payments	5,822
E. Plan Feasibility (Net Amounts of Household Income After Household Expenses - Plan Payments)	8,501

Exhibit 4 - Effective Date Feasibility

	Amount	Amount
A. Projected Total Household Cash on Hand on Effective Date		55,000
Payments on Effective Date		
Unclassified Claims		
Administrative Expense Claims		
Priority Claims		
Small Claims (Class 2(a))		
U.S. Trustee Fees	325	
B. Total Payments on Effective Date		325
C. Net Cash on Effective Date (Line A - Line B) (Not feasible if less than zero)		54,675