

1 Steven M. Olson, Esq.  
State Bar No. 146120  
2 LAW OFFICE OF STEVEN M. OLSON  
100 E Street, Suite 104  
3 Santa Rosa, CA 95404  
Telephone: (707) 575-1800  
4 Facsimile: (707) 575-1867  
Email: smo@smolsonlaw.com  
5 Attorney for Sullivan Vineyards Corporation

6 Michael C. Fallon, Esq.  
State Bar No. 88313  
7 FALLON & FALLON  
100 E Street, Suite 219  
8 Santa Rosa, CA 95404  
Telephone: (707) 546-6770  
9 Facsimile: (707) 546-5775  
Email: mcfallon@fallonlaw.net  
10 Attorney for Sullivan Vineyards Partnership

11 John H. MacConaghy, Esq.  
State Bar No. 83684  
12 MacCONAGHY & BARNIER, LLP  
645 First Street West, Suite D  
13 Sonoma, CA 95476  
Attorney for Ross Sullivan and Kelleen Sullivan

14 UNITED STATES BANKRUPTCY COURT  
15 NORTHERN DISTRICT OF CALIFORNIA  
16 SANTA ROSA DIVISION  
17

18 In Re Case No. 17-10065-RLE-11  
19 (Jointly Administered)

20 SULLIVAN VINEYARDS  
CORPORATION,

21 Debtor.  
\_\_\_\_\_ /

22 SULLIVAN VINEYARDS  
23 PARTNERSHIP,

24 Debtor.  
\_\_\_\_\_ /

25 **DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION**  
26 **PLAN OF SULLIVAN VINEYARDS CORPORATION, SULLIVAN**  
27 **VINEYARDS PARTNERSHIP, ROSS SULLIVAN AND KELLEEN SULLIVAN**  
**DATED OCTOBER 20, 2017**

28 **TO ALL CREDITORS AND OTHER PARTIES IN INTEREST:**

1 **THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED STATES**  
2 **BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA AS CONTAINING**  
3 **ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE FOR**  
4 **SOLICITATION OF ACCEPTANCES OF THE JOINT REORGANIZATION PLAN OF SULLIVAN**  
5 **VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS SULLIVAN**  
6 **AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017, AND FILED IN THESE JOINTLY**  
7 **ADMINISTERED PROCEEDINGS. HOWEVER, APPROVAL OF THE DISCLOSURE**  
8 **STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE COURT.**  
9 **THE COURT HAS MADE NO INDEPENDENT INVESTIGATION OR DETERMINATION OF ANY**  
10 **FACTUAL STATEMENTS OR DOLLAR VALUES SET FORTH IN THE PLAN OR THE**  
11 **DISCLOSURE STATEMENT.**

12 DATED: October 20, 2017

*/s/ Michael C. Fallon*

\_\_\_\_\_  
Michael C. Fallon  
Attorney for SVP

16 DATED: October 20, 2017

*/s/ Steven M. Olson*

\_\_\_\_\_  
Steven M. Olson  
Attorney for SVC

19 Dated: October 20, 2017

*/s/ John H. MacConaghy*  
John H. MacConaghy  
Attorney for Ross Sullivan and Kelleen  
Sullivan

28 **DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF**  
**SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS**  
**SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017 - Page 2**

1 **I. INTRODUCTION**

2 Sullivan Vineyards Corporation (“SVC”), Sullivan Vineyards Partnership  
3 (“SVP”), the Debtors in the above-captioned jointly administered cases (sometimes  
4 hereafter collectively the “Debtors”), and Ross Sullivan and Kelleen Sullivan, equity  
5 interest holders in the Debtors (hereinafter collectively the “Proponents”), submit this  
6 Disclosure Statement (the “Disclosure Statement”) in support of the Joint Reorganization  
7 Plan of Sullivan Vineyards Corporation, Sullivan Vineyards Partnership, Ross Sullivan  
8 and Kelleen Sullivan Dated October 20, 2017 (the "Plan"). The Proponents seek to  
9 reorganize the Debtors’ debts. This Disclosure Statement is being provided to creditors to  
10 provide adequate information of a kind, and in sufficient detail, to enable creditors to  
11 make informed judgments about the Plan before deciding whether to support  
12 confirmation of the Plan or object to confirmation of the Plan. Capitalized terms in this  
13 Disclosure Statement are defined in the Plan.

14 The Plan does not impair any classes of creditors or interests. Thus, there will be  
15 no voting on the Plan.

16 **II. BACKGROUND OF THE DEBTORS**

17 **A. Formation.**

18 The Sullivan family purchased its first vineyard in Napa Valley in 1972. In 1978,  
19 it purchased the vineyard property located at 1090 Galleron Road, Rutherford, California  
20 (the “Winery Property”) and began a small winery thereon.

21 In 1987, SVP was formed to own the Winery Property. The initial partners were  
22 JoAnna Sullivan, her husband, James O’Neil Sullivan, and their five children, Philomena  
23 Gildea, Sean Sullivan, Kelleen Sullivan, Caireen Sullivan and Ross Sullivan.

24 Also in 1987, SVC was formed to own and operate the winery on SVP’s Winery  
25 Property. The initial shareholders in SVC were JoAnna Sullivan, her husband,  
26 James O’Neil Sullivan, and their five children, Philomena Gildea, Sean Sullivan, Kelleen  
27 Sullivan, Caireen Sullivan and Ross Sullivan.

28 **DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 3

1 James Sullivan passed in 2004, and JoAnna retained his shares in SVC and his  
2 interest in SVP.

3 **B. Mr. Finn Acquires Control in 2011.**

4 In August of 2011, JoAnna Sullivan wished to retire. She sold her interests in  
5 SVC and SVP to Stephen Finn, who had recently married Kelleen Sullivan. Mr. Finn thus  
6 became the majority shareholder in SVC and the majority partner in SVP.

7 As of August of 2011, the assets of SVP and SVC included the following:

8 <b>Asset</b>	<b>Book Value</b>
9 Winery Property	\$2,050,963
10 Bottled Wine	\$1,942,959
11 Bulk Wine	\$919,327
12 TOTAL	\$4,913,249

13 As of August of 2011, the liabilities of SVP and SVC included the following:

14 <b>Liability Type</b>	<b>Apx. Amt.</b>
15 DOTs Against Winery Property	\$7,059,971
16 SVC other third-party debts	\$449,622
17 SVP other debts	\$198,693
18 TOTAL	\$7,708,286

19 **C. Kelleen Sullivan Divorces Mr. Finn and Acquires His Interests in SVC and**  
20 **SVP.**

21 When Kelleen Sullivan became engaged to marry Mr. Finn, she and Mr. Finn  
22 entered into a prenuptial agreement. One of the terms of this agreement was that upon the  
23 entry of a divorce decree, any ownership interests of Mr. Finn would become the assets  
24 of Kelleen Sullivan.

25 In the spring of 2015, the marriage was deteriorating. Mr. Finn attempted to  
26 amend the prenuptial agreement so that his interests in SVC and SVP would not be  
27 transferred to Kelleen upon entry of the divorce decree. Mr. Finn threatened to “bankrupt  
28 the winery” and “run it into the ground” if Kelleen refused his demand to modify the

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 4

1 prenuptial agreement.

2 In May of 2015, Kelleen Sullivan commenced a divorce proceeding in Colorado,  
3 where she and Mr. Finn were then residing. Mr. Finn, on May 22, 2015, listed the Winery  
4 Property and the related assets for sale for \$20 million.

5 In June of 2015, the Colorado divorce court issued an injunction barring Mr. Finn  
6 from “transferring, encumbering or disposing of the Winery, or listing the Winery for  
7 sale.”

8 On October 7, 2015, the Colorado Court issued orders entering a divorce decree  
9 and enforcing a portion of the parties’ prenuptial agreement that dealt with SVC and  
10 SVP. The Order provides, in pertinent part:

11 The marriage is dissolved and a Decree of Dissolution of Marriage is  
12 entered.

13 [T]he Court does order the immediate transfer to Petitioner of  
14 Respondent's entire ownership interest in Sullivan Vineyards, including  
15 but not limited to Respondent's shares of Sullivan Vineyards Corporation  
16 and his partnership interest in Sullivan Vineyards Partners.

17 Following this Order, SVC installed new directors and officers.

18 On October 23, the Colorado Court issued a more complete, detailed order  
19 addressing the interest in SVC and SVP. In that order, the Colorado Court reiterated its  
20 prior orders of October 7 and October 9, and specifically ordered that Mr. Finn’s interest  
21 in SVC and SVP had been transferred to Kelleen Sullivan. Mr. Finn has appealed the  
22 Colorado Court orders, but he has not requested or obtained a stay of the transfers of his  
23 interests in SVC and SVP pending appeal.

24 **D. Financial Condition of SVC and SVP at Time of Transfer to Kelleen.**

25 As of September 30, 2015, the assets of SVP and SVC included the following:

26 <b>Asset</b>	27 <b>Book Value</b>
28 Winery Property	\$4,903,128
Bottled Wine	\$2,409,212
Bulk Wine	\$2,014,294

1 TOTAL \$9,326,634

2  
3 As of September 30, 2015, the liabilities of SVP and SVC included the following:

4  
5 **Liability Type** **Apx. Amt.**  
6 First DOT Against Winery Property \$9,538,889  
7 Disputed Second DOT of Mr. Finn  
Against Winery Property \$4,144,122  
8 SVC other third-party debts \$408,333  
9 SVP other debts \$38,264  
10 TOTAL \$14,129,608

11 Thus, during the time when Mr. Finn had controlling ownership interests in SVC  
12 and SVP, the combined debts of the two entities grew by approximately \$6,421,322, and  
13 the combined book values of their assets grew by \$4,413,385.

14 The third-party debts, excluding the debts secured by deed of trust against the  
15 Winery Property, aggregated approximately \$446,597 when Kelleen Sullivan acquired  
16 majority ownership from Mr. Finn. In the 15 months since then, the Debtors reduced the  
17 aggregate balance of their third-party debts by approximately \$129,000. During the same  
18 time period, the Debtors paid down the principal balance of the debt secured by the first  
19 deed of trust against the Winery Property by approximately \$194,994, until WR, the  
20 assignee of the claim, refused to accept any further periodic payments.

21 **E. Mr. Finn's Pre-Divorce Efforts to Force Sale of Assets.**

22 Notwithstanding the Colorado court's June 2015 injunction, Mr. Finn proceeded  
23 with extensive efforts to cause the sale of the assets of SVC and SVP. Mr. Finn  
24 orchestrated a meeting of shareholders of SVC in July of 2015 on very short notice to  
25 change the board of directors of SVC. The minority shareholders hurriedly obtained  
26 counsel to assist them in banding together to elect one of the three board members, Ross  
27 Sullivan.

28  
**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 6

1 On or about August 3, 2015, Mr. Finn caused SVC and SVP to file a Complaint in  
2 Napa County Superior Court, seeking a declaratory judgment regarding the sale of assets.

3 Mr. Finn gave very short notice of a special board meeting. He sought a  
4 resolution authorizing the sale of the assets of SVC before the October trial in his divorce  
5 proceeding.

6 Mr. Finn then filed another suit in Napa County Superior Court. He sought an *ex*  
7 *parte* order to appoint his selected director to force the sale of assets. The Court denied  
8 Mr. Finn's request.

9 **F. Mr. Finn's 2016 Litigation Actions.**

10 In February of 2016, JoAnna Sullivan filed suit against Mr. Finn in Napa County  
11 Superior Court to enforce Mr. Finn's obligations to JoAnna Sullivan in the agreement by  
12 which Mr. Finn acquired JoAnna's Sullivan's interests in SVP and SVC, including his  
13 obligations to pay \$9,000 per month for the rest of JoAnna Sullivan's life and his  
14 obligation to pay \$500,000 towards a life interest of a personal residence for JoAnna  
15 Sullivan. Mr. Finn responded by removing the action to the United States District Court  
16 for the Northern District of California and then filing a cross-complaint against SVC,  
17 SVP and individual members of the Sullivan family. Judge Orrick granted motions to  
18 strike the cross-complaint.

19 On September 15, 2016, Mr. Finn filed a new action against SVC, SVP, and  
20 Sullivan family members, asserting the same claims as he had asserted in the cross-  
21 complaint. By order entered on January 13, 2017, Judge Orrick granted the defendants'  
22 motion to dismiss Mr. Finn's complaint on the ground it is barred by the doctrine of  
23 judicial estoppel. In so doing, Judge Orrick found that Mr. Finn was "playing fast and  
24 loose with the courts," that his assertion in the complaint of ownership interests in SVC  
25 and SVP was contrary to Mr. Finn's representations in the Colorado divorce court, and  
26 that the decision would "protect the integrity and dignity of the Colorado proceedings."

27 //

28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 7

1 **G. Mr. Finn's Disputed Secured Claim.**

2 In May of 2012, SVC and SVP jointly and severally gave Mr. Finn their  
3 Subordinated Secured Grid Promissory Note (the "Grid Note"), secured by a deed of trust  
4 against SVP's real property and by a security interest in much of the personal property of  
5 SVC and SVP. The Grid Note contemplated future advances from Mr. Finn pursuant to  
6 written requests from the authorized officers of SVC and SVP. The Grid Note was signed  
7 by Ross Sullivan on behalf of SVP in his stated capacity as partner, and it was signed by  
8 David B. Runberg on behalf of SVC in his stated capacity as CFO.

9 In May of 2012, when the Grid Note was created, Mr. Finn and senior lienor  
10 Silicon Valley Bank entered into an agreement by which Mr. Finn agreed to subordinate  
11 his liens and security interests to Silicon Valley Bank and Mr. Finn agreed to subordinate  
12 his right to receive payments to Silicon Valley Bank, such that no payments were due and  
13 payable to Mr. Finn until SVC and SVP had repaid their debt to Silicon Valley Bank.  
14 SVC and SVP contend that neither Silicon Valley Bank nor its successor ever informed  
15 SVC or SVP of the termination of the payment subordination of Mr. Finn's claims.

16 After May of 2012, Mr. Finn purportedly made advances on the Grid Note  
17 aggregating over \$4 million. SVC and SVP dispute whether most of the advances from  
18 Mr. Finn on the Grid Note were properly authorized. As of May of 2012, Mr. Finn was  
19 majority shareholder in SVC and he was majority partner in SVP. If the advances on the  
20 Grid Note were not properly authorized, SVC and SVP contend that the law prevents Mr.  
21 Finn from asserting claims arising from the advances unless he can establish that the  
22 advances were just and reasonable, evaluated from the perspective of SVC and SVP.  
23 SVC and SVP contend that the advances from Mr. Finn are properly characterized as  
24 equity infusions into the entities, for which Mr. Finn has no right of repayment and the  
25 rights to which are now held by Kelleen Sullivan pursuant to the terms of her prenuptial  
26 agreement with Mr. Finn.

27 //

28 **DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 8



1 **H. Cause of Bankruptcy Petitions - Foreclosure by Secured Creditors.**

2 In mid 2016, the debt secured by a senior security interest in the assets of SVC  
3 and SVP matured by its terms. SVP and SVC sought to refinance to pay this debt. They  
4 were unable to do so, however, because of (1) the cloud created by Mr. Finn's assertion  
5 of a continued ownership interest in SVC and SVP, and (2) the cloud created by Mr.  
6 Finn's assertion of a debt of over \$4 million secured by a junior security interest in the  
7 assets of SVC and SVP.

8 Mr. Finn, through a limited liability company formed by him called Winery  
9 Rehabilitation, LLC ("WR") acquired the secured claim of Silicon Valley Bank.  
10 Thereafter, WR and Mr. Finn commenced nonjudicial foreclosure.

11 SVC and SVP seek to reorganize to forestall foreclosure, restructure the debt now  
12 owing to WR, and determine the allowed amount of the claim of Mr. Finn (if any) and, to  
13 the extent the claim is allowed, to pay the claim.

14 **I. Post-Petition Events.**

15 Following the filing of the Chapter 11 case, SVC and SVP have filed all required  
16 Schedules, Statements of Affairs, and other initial papers. SVP was authorized to retain  
17 Fallon & Fallon as its counsel in the proceedings, and SVC was authorized to retain the  
18 Law Office of Steven M. Olson as its counsel in the proceedings. Prior to the Chapter 11  
19 filing, Michael C. Fallon was paid a \$15,000 retainer on account of services to be  
20 rendered in this case, and Steven M. Olson was paid a \$35,000 retainer.

21 No official committee of unsecured creditors has been appointed in this case.

22 The Bankruptcy Court has ordered the cases of SVP and SVC to be jointly  
23 administered.

24 SVC and SVP attempted a mediated settlement with WR and Mr. Finn, but the  
25 efforts did not succeed.

26 Twice during the course of the cases to date, once in April and once in July, WR  
27 and Mr. Finn have wrongly served all creditors with documents in opposition to prior  
28

1 versions of the Debtors' disclosure statements. The Court has not yet adjudicated any  
2 remedies against WR and Mr. Finn for this violation of bankruptcy procedures.

3 In late August, the Court approved the appointment of Timothy W. Hoffman as  
4 Chapter 11 Trustee (the "Chapter 11 Trustee") for the Debtors' estates.

### 5 III. SUMMARY OF THE PLAN

6 The Plan does not impair any classes of creditors. The Plan will not forestall  
7 secured creditors from exercising their non-bankruptcy law remedies regarding their  
8 collateral. Kelleen Sullivan will lend the Debtors sufficient funds to pay in full all  
9 allowed unsecured claims, excluding only the claims of the Chapter 11 Trustee and his  
10 professionals, which are to be paid by Winery Rehabilitation, LLC, and Mr. Finn,  
11 pursuant to the order of the Bankruptcy Court for the appointment of a Chapter 11  
12 Trustee.

13 The treatment of each particular type of Creditor is described below.

#### 14 a. Unclassified Claims

15 Section 1123(a)(1) of the Bankruptcy Code provides that certain claims, including  
16 claims for post-petition administrative expenses (including professional fees) and certain  
17 claims by governmental units for taxes, are not classified under the Plan. Entities holding  
18 unclassified claims are not entitled to vote on the Plan.

19 Except to the extent that the holder of a particular Administrative Claim has  
20 agreed to a different treatment of such Claim, each holder of an Allowed Administrative  
21 Claim shall be paid in cash, in full upon the later of (a) the Effective Date (projected to  
22 be December 31, 2017), (b) if such Claim is initially a Disputed Claim, when it becomes  
23 an Allowed Administrative Claim, and (c) if such Claim is incurred after the Petition  
24 Date in the ordinary course of a Debtor's business by a person other than an insider,  
25 within such time as payment is due pursuant to the terms giving rise to such Claim. Any  
26 request for allowance of an Administrative Claim pursuant to Section 503(a) of the  
27 Bankruptcy Code (including an estimation of expenses to be incurred after the Effective  
28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 10

1 Date), other than by the Debtors' Professionals, must be filed on or before the 30 days  
2 after the date of entry of the Court's order confirming the Plan or the holder of such  
3 Claim shall be forever barred from asserting such Claim or receiving any payment on  
4 account of such Claim. The Debtors estimate that the Allowed Administrative Claims  
5 will aggregate approximately \$244,845.

6 Notwithstanding the foregoing, the Allowed Administrative Claims of the  
7 Chapter 11 Trustee and his professionals will be paid by Winery Rehabilitation, LLC,  
8 and/or Mr. Finn, pursuant to the provisions of the Bankruptcy Court's August 24, 2017,  
9 Order Vacating Prior Order to Convert and Directing the Appointment of a Chapter 11  
10 Trustee Pursuant to 11 U.S.C. § 1104. Winery Rehabilitation, LLC, and Mr. Finn may  
11 seek, in Case No. 3:17-cv-05799 filed by Kelleen Sullivan and Ross Sullivan against Mr.  
12 Finn and Trust Company of America, Inc., in the United States District Court for the  
13 Northern District of California (the "District Court Action"), an order authorizing them to  
14 add the amounts so remitted to the Chapter 11 Trustee and his professionals to their  
15 secured claims against the Debtors, and the Proponents may oppose any such request in  
16 the District Court Action.

17 The holders of Allowed Tax Claims will be paid in full on the Effective Date.  
18 Allowed Tax Claims will bear interest at the rate specified in Section 6621 of the Internal  
19 Revenue Code or the similar provision in the California statutes regarding Tax Claims  
20 owing to the State of California. Unclassified Tax Claims do not include local real estate  
21 taxes. SVP believes that it owes no unclassified Tax Claims, and SVC believes that its  
22 unclassified Tax Claims aggregate \$5,356.86.

23 **b. Classified Claims And Interests**

24 The Plan divides claims and interests into twelve classes. A description of each  
25 class and its treatment under the Plan is as follows:

26 Class 1: Secured Claim of The County of Napa

27 The County of Napa holds a Secured Claim in an unknown amount, which claim,  
28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 11

1 if any, is collateralized by a lien on the real property and improvements located at 1090  
2 Galleron Road, Rutherford, CA (the “Winery Property”), as provided by non-bankruptcy  
3 law. The Plan leaves unaltered the legal, equitable, and contractual rights to which the  
4 Class 1 Claim entitles the holder of such Claim. Thus, except to the extent that the holder  
5 of the Class 1 Claim has agreed to a different treatment of such Claim, the holder of the  
6 Allowed Class 1 Claim shall be paid in accordance with applicable non-bankruptcy law,  
7 except as provided in Section 1124(2) of the Bankruptcy Code. The holder of the  
8 Allowed Class 1 Secured Claim shall retain its lien on the Winery Property to the extent  
9 enforceable under non-bankruptcy law.

10 Class 2: Winery Rehabilitation, LLC

11 WR holds a disputed Secured Claim in the amount of approximately \$11,000,000  
12 collateralized by a first deed of trust on the Winery Property and a senior security interest  
13 in many of the personal property assets of SVC and SVP. The Plan leaves unaltered the  
14 legal, equitable, and contractual rights to which the Class 2 Claim entitles the holder of  
15 such Claim. On the Effective Date, the automatic stay of acts against the Debtors or the  
16 collateral for payment of the Class 2 Claim will terminate, without prejudice to the rights  
17 of some or all of the Plan Proponents to seek, in the District Court Action or other non-  
18 bankruptcy court action, injunctive relief against the Class 2 Claimant. The holder of the  
19 Allowed Class 2 Claim shall retain its liens under non-bankruptcy law. The Plan does not  
20 require any payments on the Class 2 Claim.

21 Class 3: Stephen A. Finn

22 Mr. Finn holds a disputed Secured Claim in the amount of approximately  
23 \$5,000,000 collateralized by a second deed of trust on the Winery Property and a junior  
24 security interest in many of the personal property assets of SVC and SVP. The Plan  
25 leaves unaltered the legal, equitable, and contractual rights to which the Class 3 Claim  
26 entitles the holder of such Claim. On the Effective Date, the automatic stay of acts  
27 against the Debtors or the collateral for payment of the Class 3 Claim will terminate,  
28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 12

1 without prejudice to the rights of some or all of the Plan Proponents to seek, in the  
2 District Court Action or other non-bankruptcy court action, injunctive relief against the  
3 Class 3 Claimant. The holder of the Allowed Class 3 Claim shall retain its liens under  
4 non-bankruptcy law. The Plan does not require any payments on the Class 3 Claim.

5 Class 4: Claims of General Unsecured Creditors of SVP

6 The Plan leaves unaltered the legal, equitable, and contractual rights to which the  
7 Class 4 Claims entitle the holders of such Claims. Thus, except to the extent that the  
8 holder of a Class 4 Claim has agreed to a different treatment of such Claim, the holder of  
9 the Allowed Class 4 Claim shall be paid in accordance with applicable non-bankruptcy  
10 law, except as provided in Section 1124(2) of the Bankruptcy Code, on the later of the  
11 Effective Date or the date on which the Class 4 Claim becomes Allowed.

12 Class 5: Claims of General Unsecured Creditors of SVC

13 The Plan leaves unaltered the legal, equitable, and contractual rights to which the  
14 Class 5 Claims entitle the holders of such Claims. Thus, except to the extent that the  
15 holder of a Class 5 Claim has agreed to a different treatment of such Claim, the holder of  
16 the Allowed Class 5 Claim shall be paid in accordance with applicable non-bankruptcy  
17 law, except as provided in Section 1124(2) of the Bankruptcy Code, on the later of the  
18 Effective Date or the date on which the Class 5 Claim becomes Allowed.

19 Class 6: Ford Credit

20 Ford Credit holds a claim in the approximate amount of \$15,500 secured by a lien  
21 on SVC's 2016 Ford F250 vehicle. The Plan leaves unaltered the legal, equitable,  
22 and contractual rights to which the Class 6 Claim entitles the holder of such Claim. Thus,  
23 except to the extent that the holder of the Class 6 Claim has agreed to a different  
24 treatment of such Claim, the holder of the Allowed Class 6 Claim shall be paid in  
25 accordance with applicable non-bankruptcy law, except as provided in Section 1124(2) of  
26 the Bankruptcy Code. The holder of the Allowed Class 6 Secured Claim shall retain its  
27 lien on the 2106 Ford F250 vehicle to the extent enforceable under non-bankruptcy law.  
28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 13

1           Class 7:       Growers

2           Two entities hold claims against SVC for the purchase price for grapes sold to  
3 SVC in 2016. The Plan leaves unaltered the legal, equitable, and contractual rights to  
4 which the Class 7 Claims entitle the holders of such Claims. Thus, except to the extent  
5 that the holder of a Class 7 Claim has agreed to a different treatment of such Claim, the  
6 holder of an Allowed Class 7 Claim shall be paid in full on the Effective Date in  
7 accordance with applicable non-bankruptcy law, except as provided in Section 1124(2) of  
8 the Bankruptcy Code. The holders of the Allowed Class 7 Secured Claims shall retain  
9 their liens on SVC's wine made with the subject grapes to the extent enforceable under  
10 non-bankruptcy law.

11           Class 8:       SVC Priority Employee Benefit Claim

12           SVC has a small amount of indebtedness for employee benefits, an amount SVC  
13 believes is \$579,370. The Plan leaves unaltered the legal, equitable, and contractual rights  
14 to which the Class 8 Claims entitle the holders of such Claims. Thus, except to the extent  
15 that the holder of a Class 8 Claim has agreed to a different treatment of such Claim, the  
16 holders of the Allowed Class 8 Claims shall be paid in full on the Effective Date.

17           Class 9:       Warehouse Secured Claims

18           Two warehouses at which SVC stores bottled wine hold claims that aggregate  
19 \$37,101,570. These claimants have statutory warehouse liens on the items being stored at  
20 their respective facilities. The Plan leaves unaltered the legal, equitable, and contractual  
21 rights to which the Class 9 Claims entitle the holders of such Claim. Thus, Except to the  
22 extent that a holder of a Class 9 Claim has agreed to a different treatment of such Claim,  
23 the holders of the Allowed Class 9 Claims shall be paid in full on the Effective Date in  
24 accordance with applicable non-bankruptcy law, except as provided in Section 1124(2) of  
25 the Bankruptcy Code. The holders of the Allowed Class 9 Secured Claims shall retain  
26 their liens on SVC's bottled wine being stored with the Claimant to the extent  
27 enforceable under non-bankruptcy law.

28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 14

1           Class 10:       SVP's Claims Against SVC

2           The Plan leaves unaltered the legal, equitable, and contractual rights to which the  
3 Class 10 Claim entitles the holder of such Claim. On the Effective Date, the automatic  
4 stay of acts against the Debtors or the collateral for payment of the Class 10 Claim will  
5 terminate. The holder of the Allowed Class 10 Claim shall retain its liens under non-  
6 bankruptcy law. The Plan does not require any payments on the Class 10 Claim. SVP will  
7 elect not to pursue collection until all Allowed Claims against SVC have been paid in  
8 full.

9           Class 11:       Equity Interests in SVP

10          The Class 11 interests of the general partners in SVP shall remain unaltered by  
11 this Plan. This Class is unimpaired and therefore is not entitled to vote on the Plan.

12          Class 12:       Equity Interests in SVC

13          The Class 12 interests of the shareholders in SVC shall remain unaltered by this  
14 Plan. This Class is unimpaired and therefore is not entitled to vote on the Plan.

15                c.       Other Provisions of the Plan

16          The Plan contains a number of other provisions concerning its implementation.  
17 The following is a summary. Consult the Plan itself for details.

18                1.       Post-Confirmation Disbursing Agent.

19          Following Confirmation, the Reorganized Debtors will act as the Disbursing  
20 Agents under the Plan. The Debtors reserve the right to appoint any other Person as the  
21 Disbursing Agent under the Plan, if it so chooses. Current management of the Debtors  
22 will continue to manage the Debtors' businesses and will manage the implementation of  
23 this Plan. The compensation for management will be consistent with the compensation  
24 received by management prior to the appointment of the Chapter 11 Trustee.

25                2.       Post-Confirmation Compensation and Reimbursement of Professionals.

26          All professionals employed by the Reorganized Debtor or the Disbursing Agent  
27 (if a third party Disbursing Agent is appointed), including the Debtors' Professionals,  
28



1 shall be entitled to payment of their post-Confirmation Date fees and reimbursement of  
2 expenses on a monthly basis, based on the service of a detailed statement of the requested  
3 fees and expenses on the Notice Parties as discussed more fully in the Plan. Pre-  
4 Confirmation compensation remains subject to the noticed motion requirements of  
5 Bankruptcy Code Section 330.

6 3. Distributions and Claims.

7 Subject to the deadlines in the Plan, Distributions will be made to Creditors when  
8 their Claims are Allowed Claims, as defined in the Plan. Proofs of Claim, when required,  
9 must be filed with the Bankruptcy Court no later than the applicable Claims Bar Date, or  
10 the applicable Governmental Unit Claims Bar Date for prepetition tax and similar Claims.  
11 However, Bankruptcy Rule 3001(b) provides that it is not necessary for a Creditor to file  
12 a proof of Claim if its Claim has been listed on the Debtors' Schedules filed with the  
13 Bankruptcy Court pursuant to Section 521(a)(1) of the Bankruptcy Code and Rule  
14 1007(a)(3) of the Bankruptcy Rules, and is not listed as disputed, contingent,  
15 unliquidated or unknown as to amount. Except as provided by the Plan or as otherwise  
16 permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable law, upon  
17 expiration of the applicable bar date, proofs of Claim may not be filed or amended unless  
18 the amendment is solely to decrease the amount or priority. Distributions to Creditors  
19 under the Plan will be made to the Persons shown on the Debtors' or the Bankruptcy  
20 Court's records on the Effective Date.

21 **Any party who acquires a claim against the Reorganized Debtor after the**  
22 **Effective Date must arrange with the holder on that date to receive**  
23 **Distributions to which the transferee may be entitled. Neither the**  
24 **Reorganized Debtors nor the Disbursing Agent will be required to track**  
25 **changes in ownership of claims after the Effective Date.**

26 Objections to any Claim may be filed by any party in interest and shall be filed  
27 no later than the Claims Objection Date, which is defined in the Plan as 75 days after the  
28 Effective Date.

//

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 16



1           4.     Retained Claims.

2           Under the Plan, the Debtors retain any claims held by the Debtors against  
3 Angelica de Vere, Teresa Sullivan, Mr. Finn or Winery Rehabilitation, LLC. The  
4 Retained Claims against Winery Rehabilitation, LLC, and Mr.. Finn include, without  
5 limitation, claims arising from the improper distribution to all creditors of papers in  
6 opposition to disclosure statements of the Debtors. The Retained Claims against Mr. Finn  
7 and Angelica de Vere include, without limitation, claims asserted in Adversary  
8 Proceeding No. 17-1023 filed by SVC and SVP against Stephen A. Finn and Angelica de  
9 Vere in the United States Bankruptcy Court for the Northern District of California (the  
10 “AP”). The Retained Claims against Teresa Sullivan include, without limitation, the  
11 claims described in SVC’s October 18, 2017, filed amendment to Schedule B. The  
12 Debtors furthers reserve the right to object to any filed or scheduled Claim. SVC’s  
13 objections to the claims of Sonyia Grabski, Teresa Sullivan, Trinity Scott and Elizabeth  
14 Matulich will be adjudicated in Napa County Superior Court.

15           5.     Retention of Jurisdiction.

16           Article X of the Plan provides that the Bankruptcy Court shall retain broad  
17 jurisdiction under the Bankruptcy Code to adjudicate any disputes arising out of the Plan,  
18 the administration of the case, and claims for relief held by the Debtors or Reorganized  
19 Debtors.

20           6.     Persons Bound/Discharge of Debts.

21           Confirmation of the Plan binds the Debtors, the Reorganized Debtors, any entity  
22 acquiring property under or otherwise accepting the benefits of the Plan, and every  
23 Creditor, whether or not such Creditor has filed a proof of Claim in the bankruptcy case,  
24 whether or not the Claim of such Creditor is impaired under the Plan, and whether or not  
25 such has accepted or rejected the Plan. The Confirmation Order shall operate as an  
26 injunction against the commencement or continuation of any action to collect, recover or  
27 offset any debt in this case from the Debtors, the Reorganized Debtors, or their Estates,  
28

1 except as otherwise permitted by this Plan, the Bankruptcy Code, or order of the Court.

2 7. Executory Contracts.

3 All insurance contracts to which SVC or SVP is an insured will be assumed on  
4 the Effective Date. SVC's contracts to purchase grapes with Castellucci Napa Valley and  
5 Rutherford River Ranch will be assumed on the Effective Date. SVP's executory contract  
6 with Garvey Brothers Vineyard Management Company will be assumed on the Effective  
7 Date. All other executory contracts of SVP or SVC will be deemed rejected on the  
8 Effective Date unless, prior to Confirmation, SVP or SVC gives the other party to any  
9 such executory contract notice of the intent to assume the contract upon Confirmation.  
10 Proofs of Claim arising from rejection of executory contracts must be filed within sixty  
11 (60) days after the Effective Date.

12 8. Post-Confirmation Management and Insider Employees.

13 After Confirmation, the officers of SVC will continue to be Ross Sullivan - CEO,  
14 and Kelleen Sullivan - VP and Secretary. After Confirmation, the directors of SVC will  
15 continue to be Ross Sullivan, Kelleen Sullivan, and Dan Zepponi.

16 After Confirmation, the managing general partner in SVP will continue to be Ross  
17 Sullivan.

18 The post-Confirmation salaries of insiders will be:

19 Ross Sullivan \$120,000 per year  
20 Kelleen Sullivan \$35,000 per year  
21 Sean Sullivan \$25 per hour (full-time employment)

22 **IV. FEASIBILITY OF THE PLAN**

23 **A. Estimated Claims to Be Paid By Funds Advanced by Kelleen Sullivan.**

<b>Claim Category</b>	<b>Estimated Dollar Amount</b>
<b>Administrative Claims</b>	<b>\$244,845.00</b>
<b>Tax Claims</b>	<b>\$5,356.86</b>
<b>SVC General Unsecured Claims</b>	<b>\$188,492.75</b>

28 **DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 18

1	<b>SVP General Unsecured Claims</b>	<b>\$41,977.40</b>
2	<b>Growers</b>	<b>\$49,774.02</b>
3	<b>SVC Benefits Claims</b>	<b>\$579.37</b>
4	<b>Warehouse Claims</b>	<b>\$37,101.57</b>
5	<b>Garvey Assumed Contract</b>	<b>\$79,074.78</b>
6	<b>TOTAL</b>	<b>\$647,201.75</b>

7

8 **B. Disputed Claims of Former Employees to Be Paid By Funds Advanced by**  
**Kelleen Sullivan if Proponents Do Not Prevail in Litigation.**

9

10	<b>Claimant Name</b>	<b>Claim Amount</b>
11	<b>Teresa Sullivan</b>	<b>\$185,769.00</b>
12	<b>Elizabeth Matulich</b>	<b>\$305,000.00</b>
13	<b>Sonyia Grabski</b>	<b>\$429,134.00</b>
14	<b>Angelica de Vere</b>	<b>\$1,046,826.00</b>
15	<b>Trinity Scott</b>	<b>\$55,000.00</b>
16	<b>TOTAL</b>	<b>\$2,021,729.00</b>

17 **C. Assets of Kelleen Sullivan Available to Fulfill Duty to Advance Funds.**

18 Kelleen Sullivan's present assets include, without limitation, the following:

19	<b>Asset Description</b>	<b>Estimated Value</b>
20	<b>Interest in Colorado residence</b>	<b>\$1,600,000</b>
21	<b>Funds in bank accounts</b>	<b>\$670,000</b>
22	<b>Monthly Alimony (18 months times</b>	<b>\$360,000</b>
23	<b>\$20,000)</b>	
24	<b>Misc. other assets</b>	<b>\$500,000</b>
25	<b>TOTAL</b>	<b>\$3,130,000</b>

26 **D. Feasibility Comments.**

27 Kelleen Sullivan has sufficient assets to pay all claims for which payment under  
the Plan is due on the Effective Date. With respect to the former employees, there is

28

1 insurance coverage for the cost of defense. There is also insurance coverage for claims  
2 arising from Kelleen Sullivan's operation of motor vehicles.

3 Of the aggregate claim amounts, sums aggregating \$855,000 are for asserted  
4 severance obligations of SVC. No employment contracts containing post-termination  
5 severance rights were ever presented to the SVC Board of Directors or approved by the  
6 Board of Directors. Moreover, none of the former employees were terminated by SVC.  
7 Rather, they all voluntarily abandoned their positions when the Colorado divorce court  
8 ordered that Kelleen Sullivan, and not Mr. Finn, was the holder of the majority interest in  
9 SVC.

10 In light of the insurance coverage and the defenses to payment of the claims, the  
11 assets of Kelleen Sullivan are sufficient to make the Plan proposal regarding payment of  
12 these claims (*i.e.*, payment in full if and when the claimants prevail in litigation over the  
13 Proponents' dispute over allowance of the claims) feasible.

14 In addition to financial matters, the Debtors believe that they can comply with all  
15 technical requirements of the Bankruptcy Code necessary to confirm and substantially  
16 consummate the Plan.

## 17 **V. ALTERNATIVES TO THE PLAN**

### 18 **A. Liquidation.**

19 In Chapter 7 liquidation proceeding, or in liquidation by the Chapter 11 Trustee,  
20 the trustee would attempt to sell the Debtors' assets to third parties and distribute any  
21 proceeds Pro Rata to all Creditors of the estate under the priorities established by  
22 Bankruptcy Code Section 507. The Trustee would also have the statutory power to assert  
23 "avoidance claims" and other litigation claims held by the Estates against third parties  
24 pursuant to Bankruptcy Code Sections 510, 541, 544, 545, 547, 548, and 549, which can  
25 generate funds to pay unsecured Creditors.

26 The Proponents believe that the Plan is significantly more beneficial to Creditors  
27 than Chapter 7 because Creditors will be paid in full on the Effective Date. Full payment  
28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 20

1 in liquidation is questionable, and in any event, payment would not occur until, at the  
2 very earliest, the late summer of 2018.

3 **B. No Other Plans**

4 The Bankruptcy Code permits parties in interest other than the Proponents to  
5 propose a plan of reorganization under certain circumstances. The Plan submitted by the  
6 Proponents is the only plan of reorganization that has been proposed at this time.

7 **VI. CERTAIN FEDERAL INCOME TAX**  
8 **CONSEQUENCES OF THE PLAN**

9 **A. In General**

10 The following is a summary of certain United States federal income tax  
11 consequences of the Plan that may be material to Creditors (each a "Holder"). This  
12 discussion is included for general information purposes only and is not intended to be,  
13 and is not, legal or tax advice to any particular Holder. This summary is based on the  
14 current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the  
15 Income Tax Regulations (the "Regulations") and other legal authorities, all of which are  
16 subject to change, possibly with retroactive effect. No rulings from the Internal Revenue  
17 Service (the "IRS") or opinions of counsel have been or will be requested concerning the  
18 matters discussed below. The tax consequences set forth in the following discussion are  
19 not binding on the IRS or the courts, and no assurance can be given that contrary  
20 positions will not be successfully asserted by the IRS or adopted by a court.

21 This summary does not address the taxation of the Debtors or the Holders under  
22 state, local law or foreign law.

23 **TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT**  
24 **CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY**  
25 **DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE**  
26 **STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON,**  
27 **AND CANNOT BE RELIED UPON BY HOLDERS FOR THE PURPOSE**  
28 **OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS**  
**UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS**  
**INCLUDED HEREIN BY DEBTOR IN CONNECTION WITH THE**  
**PROMOTION OR MARKETING (WITHIN THE MEANING OF**  
**CIRCULAR 230) BY DEBTORS OF THE TRANSACTIONS OR MATTERS**

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF**  
**SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS**  
**SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017 - Page 21**

1 **ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE**  
2 **BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN**  
3 **INDEPENDENT TAX ADVISOR.**

4 **EACH HOLDER SHOULD CONSULT THE HOLDER'S OWN TAX**  
5 **ADVISOR TO DETERMINE THE HOLDER'S PARTICULAR U.S.**  
6 **FEDERAL INCOME TAX CONSEQUENCES AND OTHER TAX**  
7 **CONSEQUENCES TO THE HOLDER OF THE PLAN, INCLUDING ANY**  
8 **STATE, LOCAL AND FOREIGN TAX LAWS AND THE EFFECT OF ANY**  
9 **CHANGES IN SUCH LAWS.**

10 **B. Consequences to Creditors.**

11 Creditors should consult their own tax advisors concerning any income tax  
12 consequences of their respective treatment under the Plan.

13 **C. Wage Withholding.**

14 If any Allowed Claim under the Plan constitutes “wages” for U.S. federal income  
15 tax purposes, the U.S. federal income tax rules applicable to wage withholding will apply  
16 to the payment of the Allowed Claim.

17 **D. Backup Withholding.**

18 U.S. federal income tax laws require that, to avoid backup withholding with  
19 respect to “reportable payments” (in an amount equal to 28%), a Creditor or Holder must  
20 (a) provide the Debtors with its correct taxpayer identification number (“TIN”) on IRS  
21 Form W-9 and certify as to its eligibility for exemption from backup withholding, or (b)  
22 establish a basis for exemption from backup withholding on an appropriate IRS Form W-  
23 8 (including a Form W-8BEN, W-8ECI, W-8EXP and W-8IMY) or IRS Form W-9, as  
24 applicable. Exempt Creditors and Holders (including, among others, all corporations and  
25 certain foreign individuals) are not subject to backup withholding and reporting  
26 requirements. If withholding is made and results in an overpayment of taxes, a refund  
27 may be obtained.

28 **VII. CONFIRMATION**

**A. In General.**

The United States Bankruptcy Court has set a date for the hearing on the

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF**  
**SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS**  
**SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017 - Page 22**

1 Confirmation of the Plan. The hearing is to be held at the United States Bankruptcy  
2 Court, 99 South E Street, Santa Rosa, CA 95404. The Plan can be implemented only if  
3 confirmed by the Bankruptcy Judge.

4 **B. No Voting.**

5 There are no impaired classes. Thus, there is no voting on the Plan. All classes are  
6 deemed to have accepted the Plan.

7 **C. Confirmation.**

8 The Court will hold a Confirmation Hearing. At the Confirmation hearing, the  
9 Bankruptcy Judge has the duty to determine whether the Plan meets the requirements of  
10 Section 1129 of the Bankruptcy Code. The principal requirements of Section 1129  
11 include the following: (1) that the proponents of the Plan have complied with the  
12 applicable provisions of the Bankruptcy Code on all matters connected with the case; (2)  
13 that the Plan has been proposed in good faith, and not by any means forbidden by law;  
14 (3) that Confirmation of the Plan is not likely to be followed by liquidation, or the need  
15 for further financial reorganization of the debtor; and (4) that the Proponents and the Plan  
16 in all other respects comply with applicable law. Only if such determinations are made  
17 will the Judge confirm the Plan.

18 **D. Modification of the Plan.**

19 The Proponents may propose amendments to or modifications of the Plan under  
20 Section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to  
21 the conclusion of the hearing on Confirmation of the Plan. After the Confirmation Date,  
22 the Proponents may modify the Plan in accordance with Section 1127(b) of the  
23 Bankruptcy Code and Bankruptcy Rule 3019.

24 **VIII. CONCLUSION**

25 The Proponents believe that their Plan of Reorganization realistically affords to  
26 Creditors their best opportunity for receiving a prompt, full payment. The Proponents  
27 therefore respectfully request that Creditors support the Plan.

28 **DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 23

1 Dated: October 20, 2017

/s/ Michael C. Fallon  
Michael C. Fallon  
Attorney for SVP

2

3 Dated: October 20, 2017

SULLIVAN VINEYARDS PARTNERSHIP

4

5

/s/ Ross Sullivan  
Its Responsible Individual

6

7

8 Dated: October 20, 2017

/s/ Steven M. Olson  
Steven M. Olson  
Attorney for SVC

9

10

11 Dated: October 20, 2017

SULLIVAN VINEYARDS  
CORPORATION

12

13

/s/ Ross Sullivan  
Its Responsible Individual

14

15 Dated: October 20, 2017

/s/ Ross Sullivan  
An Individual

16

17

18 Dated: October 20, 2017

/s/ Kelleen Sullivan  
An Individual

19

20

21 Dated: October 20, 2017

/s/ John H. MacConaghy  
John H. MacConaghy  
Attorney for Ross Sullivan and Kelleen  
Sullivan

22

23

24

25

26

27

28

**DISCLOSURE STATEMENT TO ACCOMPANY JOINT REORGANIZATION PLAN OF  
SULLIVAN VINEYARDS CORPORATION, SULLIVAN VINEYARDS PARTNERSHIP, ROSS  
SULLIVAN AND KELLEEN SULLIVAN DATED OCTOBER 20, 2017** - Page 24





1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**SERVICE LIST**

**Special Notice**

Philip S. Warden, Esq.  
Cecily A. Dumas, Esq.  
Pillsbury Winthrop Shaw Pittman LLP  
4 Embarcadero Center, 22 Fl  
San Francisco, CA 94111-5998

Austin Nagel, Esq.  
111 Deerwood Rd. #305  
San Ramon, CA 94583

Reno F.R. Fernandez III, Esq.  
221 Sansome Street, Third Floor  
San Francisco, CA 94104

**United States Trustee**

Lynette C. Kelly, Esq.  
Office of the U.S. Trustee  
450 Golden Gate Avenue, 5<sup>th</sup> Fl., #05-0153  
San Francisco, CA 94102

**Securities and Exchange Commission**

Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Chapter 11 Trustee**

Timothy W. Hoffman  
P.O. Box 1761  
Sebastopol, CA 95473  
  
Ron Oliner, Esq.  
Duane Morris LLP  
Spear Tower One Market Plaza, Ste. 2200  
San Francisco, CA 94105-1127