

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:)	
)	
LAWRENCE A. BROCK,)	Case No. 10-32881 MER
DIANE MELREE BROCK,)	(Chapter 11)
)	
Debtors.)	

**DISCLOSURE STATEMENT TO ACCOMPANY THIRD AMENDED CHAPTER 11
PLAN OF REORGANIZATION PROPOSED BY THE DEBTORS (November 16, 2016)**

I. INTRODUCTION

Pursuant to 11 U.S.C. § 1125 and Fed.R.Bankr.P. 3016, Debtors, Lawrence A. Brock and Diane Melree Brock (collectively, “the Brocks”), through their undersigned counsel, G.W. MERRICK & ASSOCIATES, LLC, respectfully submit this Disclosure Statement in connection with the THIRD AMENDED CHAPTER 11 PLAN OF REORGANIZATION (the “Plan”). A copy of the Plan is attached hereto as Exhibit A. Unless otherwise defined herein, all capitalized terms in this Disclosure Statement shall have the meanings given to them in the Plan.

The Bankruptcy Court has scheduled a hearing to consider the confirmation of the Plan on _____, 2017 at _____ in Courtroom _____ of the United States Bankruptcy Court, 721 Nineteenth Street, 5th Floor, Denver, Colorado. Objection to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served upon the Debtors’ counsel on or before _____, 2017. If the Bankruptcy Court confirms the Plan, you will be bound by the terms of the Plan.

II. INTRODUCTION

The statements in this Disclosure Statement are made as of the date hereof, and delivery of this Disclosure Statement shall not create any implication that there has been no

change in the facts set forth herein since the date of this Disclosure Statement and the date materials relied upon in preparation of this Disclosure Statement were compiled.

Nothing contained herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceedings involving the Brocks, their representatives, agents or any other party, or be deemed conclusive advice on the tax or other legal effects of the reorganization on holders of claims or interests. The description of the Plan contained in this Disclosure Statement is intended as a summary only and is qualified in its entirety by reference to the Plan. Each creditor is encouraged to read and consider carefully, and analyze the terms and provisions of, the Plan.

This Disclosure Statement has been approved by Order of the Bankruptcy Court, as containing information of a kind and in sufficient detail to enable a hypothetical, reasonable investor, typical of holders of claims and interests of relevant classes to make an informed judgment concerning the Plan. The Bankruptcy Court's approval of this Disclosure Statement, however, is not a decision on the merits of, nor an endorsement of, the Plan. The date of this Statement is September 1, 2015.

III. DESCRIPTION OF THE DEBTORS' BUSINESS AND EVENTS LEADING TO THE FILING OF THE CHAPTER 11 PETITION

A. DESCRIPTION OF THE DEBTORS' BUSINESS

The Brocks own and operate a limited liability company, Susan Street Properties, LLC, which operates commercial real property in Santa Ana, California comprised of commercial storefront units which are leased to retail tenants. The Santa Ana property is located at 2020-2030 Susan Street, Santa Ana, California 92704¹, and is owed by the Pritchett Family

¹ A legal description of the Santa Ana property, together with copies of the pertinent corporate formation documents respecting Susan Street Properties, LLC, are available upon request from the undersigned debtors' counsel.

Trust of which Ms. Brock is the trustee and a beneficiary. The resources of the Pritchett Family Trust, including the income derived from the operation of the Santa Ana property, are committed to the satisfaction of the Plan. The Santa Ana business generates an average of \$20,000 in monthly gross revenue derived from the rent paid by the retail tenants. The average monthly costs of the business total approximately \$15,390 exclusive of repairs and capital improvements which are occasionally necessary to maintain the property. The business generates approximately \$4,610 in monthly profit.

The Brocks are advanced in age and both of the Brocks have experienced serious health complications in recent years. The Brocks have no source of income other than the operation of the California commercial property and social security benefits. The profit derived from the Brocks' business is used to pay for medical care and medical expenses for the Brocks in addition to other typical living expenses.

B. EVENTS LEADING TO THE FILING OF THE DEBTORS' CHAPTER 11 PETITION

In 2007, the Brocks (in their capacities as trustees of the "Lawrence A. Brock and Diane Melree Brock Revocable *Inter Vivos Trust*" ("the Brock Trust")) sought to purchase an additional commercial real property located in Laguna Beach, California. The purchase was initially financed by entities owned and controlled by the Alec J. Glasser Defined Benefit Pension Plan (the "Glasser Pension Plan"). The Brocks did not personally guarantee the loan obligations of the Brock Trust to the Glasser Pension Plan. Subsequently, in March 2008, the Laguna Beach property was refinanced with Bank of the West. By mid-2010, as a result of severe economic conditions then existing throughout the United States, the Laguna Beach property was severely underwater and demonstrated little sign of economic recovery or viability. Accordingly, the Brocks sought relief under chapter 11 of the Bankruptcy Code.

IV. THE CHAPTER 11 BANKRUPTCY CASE

The Brocks filed their voluntary chapter 11 bankruptcy petition on September 8, 2010. The Brocks filed with the Bankruptcy Court their Statement of Financial Affairs, schedules of assets and liabilities and related documents on September 22, 2010. A meeting of creditors pursuant to 11 U.S.C. § 341(a) was conducted on October 13, 2010. Due to insufficient interest the Office of the United States Trustee did not form a Creditors' Committee.

An appellate case is pending which may affect the Brocks' bankruptcy estate. The appeal involves the claim of Bank of the West. On June 15, 2011, the Brocks timely objected to the claim of Bank of the West. On January 28, 2013, the Bankruptcy Court conducted a hearing respecting the Brocks' objection to that claim. On June 28, 2013, the Bankruptcy Court entered an Order sustaining the Brocks' objections and determining that Bank of the West does not hold a claim against the Brocks' bankruptcy estate. On July 12, 2013, Bank of the West appealed that decision to the United States District Court for the District of Colorado (the "District Court"), Case No. 13-cv-01875-JLK. Bank of the West's appeal is pending and the District Court has not entered an Opinion in that case.

During the bankruptcy case, the Brocks have filed monthly reports with the Bankruptcy Court and with the United States Trustee respecting the operation of their small business in Santa Ana, California described above. Each of those monthly reports has detailed the financial income and expenditures of both the Brocks and the small business as required by 28 U.S.C. § 1930. In addition, the Brocks have paid quarterly fees to the United States Trustee as required by 28 U.S.C. § 1930 in respect of the distributions made to pay the administrative expenses of the Brocks' bankruptcy estate. All of the required reports, and all of the required quarterly fees, have been fully paid through the date of this Disclosure Statement.

V. SUMMARY OF THE REORGANIZATION PLAN

The Brocks' chapter 11 plan of reorganization depends upon the outcome of the pending appellate case described above. However, regardless of the outcome of that appeal, all allowed priority claims (*e.g.*, claims filed by governmental entities), all allowed secured claims, and all allowed unsecured claims will be satisfied in full under the Plan. The outcome of the appellate case affects only the timing of the satisfaction of those claims as discussed herein and further detailed in the Plan filed by the Brocks with the Bankruptcy Court. More particularly, the Plan describes two possible "scenarios" which may occur depending on the outcome of the appellate case.

First Scenario. Under the First Scenario, the District Court enters an Opinion affirming the Bankruptcy Court's judgment disallowing the claim of Bank of the West. In this scenario, all allowed secured claims, and all allowed unsecured claims, will be satisfied in full upon the Effective Date of the Plan. (Under this first scenario, the "Effective Date" is defined as the date thirty days subsequent to the entry of the affirming opinion by the appellate court or the entry of a judgment/order by the Bankruptcy Court confirming the Plan, whichever occurs later.) Under this First Scenario, all Class 1 Claims (*i.e.*, administrative expense claims that have been allowed by the Bankruptcy Court) will be satisfied in full as follows:

Class 1 Claims Paid (Administrative Claims) (First Scenario)

Class 1 Claim Holder	Amount of Claim
G.W. MERRICK & ASSOCIATES, LLC	\$30,000 ²
TOTAL of Class 1 Claims	\$30,000

Class 1 Claims will be satisfied in full on the Effective Date from monies available to the Debtors presently held in the Debtors' debtor-in-possession bank accounts.

² The amount of this Class 1 Claim includes estimated fees pending the conclusion of the captioned proceeding and is subject to both the conclusion of this proceeding and the approval of the Bankruptcy Court. Further, the estimated figure reflected here presumes that Bank of the West will not appeal the entry of an Order/Judgment of the United States District Court affirming the disallowance of the Claim of Bank of the West.

Class 2 Claims (*i.e.*, claims of governmental entities that have been allowed by the Bankruptcy Court) will also be satisfied in full on the Effective Date as follows:

Class 2 Claims Paid (Priority Claims) (First Scenario)

Class 2 Claim Holder	Amount of Claim
Boulder County Treasurer (Claim No. 4)	\$10,396.70
Colorado Department of Revenue (Claim No. 5)	\$1,426.00
TOTAL of Class 2 Claims	\$11,822.70

Class 2 Claims will be satisfied in full from the monies available to the Debtors held in the Debtors' debtor-in-possession bank accounts.

Class 3 Claims (*i.e.*, secured claims that have been allowed by the Bankruptcy Court) will be subject to a reaffirmation agreement. Within thirty (30) days of the Effective Date, the Debtors will enter into a reaffirmation agreement respecting such claims. Under the reaffirmation agreement, all Class 3 Claims will remain secured by the Debtors' residential property in Boulder, Colorado. The value of that property exceeds the value of all Class 3 Claims; accordingly, no Class 3 Claim is impaired under the Plan. Class 3 Claims will be paid in the ordinary course pursuant to the Debtors' reaffirmation agreement(s) with Class 3 Claimants. The Class 3 Claims which will be reaffirmed under this First Scenario are as follows:

Class 3 Claims Reaffirmed (Secured Claims) (First Scenario)

Class 3 Claim Holder	Amount of Claim
Northern Trust Bank	\$732,179.69
TOTAL of Class 3 Claims	\$732,179.69

Class 4 Claims (*i.e.*, all unsecured, non-priority claims that have been allowed by the Bankruptcy Court) will also be satisfied in full on the Effective Date as follows:

Class 4 Claims Paid (General Unsecured Claims) (First Scenario)

Class 4 Claim Holder	Amount of Claim
Wells Fargo Bank (Claim No. 1)	\$20,371.67
Wells Fargo Bank (Claim No. 2)	\$8,374.56
Merrill Shields (Claim No. 3)	\$16,000.00
American Express (Claim No. 7)	\$7,889.41

American Express (Claim No. 8)	\$6,176.37
Rutan & Tucker (Claim No. 9)	\$18,666.07
Nokes & Quinn (Claim No. 12)	\$11,410.00
TOTAL of Class 4 Claims	\$98,156.89

Class 4 Claims will be satisfied from two sources: (i) monies available to the Debtors held in the Debtors' debtor-in-possession bank accounts, and (ii) monies available to the Debtors held in the Pritchett Family Trust bank account, which has been committed to the satisfaction of the Plan. Sufficient funds exist in those accounts, in the aggregate, to satisfy all Class 1, 2 and 4 Claims on the Effective Date under the First Scenario.

Class 5 Claims (*i.e.*, the claim of the Alec J. Glasser Defined Benefit Pension Plan, which has agreed to different treatment pursuant to a settlement agreement entered into with the Debtors), will be satisfied upon the sale of the Brocks' residential property in Boulder, Colorado.

Class 5 Claim Paid (Glasser) (First Scenario)

Class 5 Claim Holder	Amount of Claim
Glasser	\$375,000.00
TOTAL of Class 5 Claims	\$375,000.00

The Class 5 Claim will be satisfied from the proceeds of the sale of the Boulder, Colorado residence after all Class 1, Class 2, Class 3 and Class 4 Claims are satisfied. The Debtors estimate and believe that the combination of the foregoing sources are sufficient to satisfy the aggregate value of all of the claims in all of the Classes as follows:

Sources of Funding (First Scenario)

Source of Payment	Present Value (Estimated)
Debtor-in-possession bank accounts	\$104,539.84
Pritchett Family Trust	\$70,438.95
Boulder, Colorado residence	\$2,400,000.00
Aggregate Value of Sources	\$2,574,978.79
Sum of Class 1, 2, 3, 4 and 5 Claims	(\$1,517,159.28)
Excess Value of Sources	\$1,057,819.51

Second Scenario. Under the Second Scenario, the District Court enters an Opinion reversing the judgment of the Bankruptcy Court disallowing the claim of Bank of the West. Under this Second Scenario, the Brocks will list their residential property in Boulder, Colorado, for sale. The Boulder property is located at 2237 4th Street, Boulder, Colorado 80302 and has been recently valued by an independent real estate professional as having a listing value of \$ 2,400,000.³ The sale of that property will be accomplished as soon as reasonably practicable, but not later than 24 months subsequent to the entry of the District Court Order, or the Bankruptcy Court Order approving the Plan, whichever occurs later. It is anticipated that given the current economic and real estate climates in Colorado, a sale of the Boulder property will be accomplished very promptly. Under this Second Scenario, the “Effective Date” of the Plan is defined as the date upon which the sale of the Boulder residence is closed. It is estimated that the net proceeds of the sale of the Boulder property will be approximately \$2,400,000.

Under this Second Scenario, the treatment of Class 1 and Class 2 Claims is identical to that described above with respect to the First Scenario. In other words, Class 1 and Class 2 Claims will be satisfied in full on the Effective Date from monies available to the Debtors in the debtor-in-possession bank accounts.

Under the Second Scenario, Class 3 Claims will be satisfied in full on the Effective Date from the net proceeds of the sale of the Boulder property:

Class 3 Claims Paid (Secured Claims) (Second Scenario)

Class 3 Claim Holder	Amount of Claim
Northern Trust Bank	\$732,179.69
TOTAL of Class 3 Claims	\$732,179.69

³ The legal description of the Boulder property, together with a copy of the recent independent professional valuation, is available upon request from the Debtors’ undersigned counsel.

Under the Second Scenario, Class 4 Claims will also be satisfied in full on the Effective Date as follows:

Class 4 Claims Paid (General Unsecured Claims) (Second Scenario)

Class 4 Claim Holder	Amount of Claim
Wells Fargo Bank (Claim No. 1)	\$20,371.67
Wells Fargo Bank (Claim No. 2)	\$8,374.56
Merrill Shields (Claim No. 3)	\$16,000.00
American Express (Claim No. 7)	\$7,889.41
American Express (Claim No. 8)	\$6,176.37
Rutan & Tucker (Claim No. 9)	\$18,666.07
Nokes & Quinn (Claim No. 12)	\$11,410.00
Bank of the West (Claim No. 11)	\$1,317,724.30
TOTAL of Class 4 Claims	\$1,415,881.19

Class 4 Claims will be satisfied from a combination of: (i) monies available to the Debtors held in the debtor-in-possession bank accounts, (ii) monies available in the Pritchett Family Trust bank account (which have been committed to the satisfaction of the Plan, and (iii) the proceeds from the sale of the Boulder, Colorado residence after all Class 1, Class 2 and Class 3 Claims are satisfied. It is estimated and believed that the combination of those sources are sufficient to satisfy all of the Class 1, 2, 3 and 4 Claims.

Under the Second Scenario, the Class 5 Claim will also be satisfied in full on the Effective Date as follows:

Class 5 Claim Paid (Glasser) (Second Scenario)

Class 5 Claim Holder	Amount of Claim
Glasser	\$375,000.00
TOTAL of Class 5 Claims	\$375,000.00

The Class 5 Claim will be satisfied from the proceeds of the sale of the Boulder, Colorado residence after all Class 1, Class 2, Class 3 and Class 4 Claims are satisfied. The Debtors estimate and believe that the combination of the foregoing sources are sufficient to satisfy the aggregate value of all of the claims in all of the Classes as follows:

Sources of Funding (Second Scenario)

Source of Payment	Present Value (Estimated)
Debtor-in-possession bank accounts	\$104,539.84
Pritchett Family Trust	\$70,438.95
Boulder, Colorado residence	\$2,400,000.00
Aggregate Value of Sources	\$2,574,978.79
Sum of Class 1, 2, 3, 4 and 5 Claims	(\$2,564,883.58)
Excess Value of Sources	\$10,095.21

VI. POST-CONFIRMATION MANAGEMENT

The Brocks currently manage and operate the Santa Ana, California commercial property business, including the leasing, repair, maintenance and supervision of that commercial property. Following confirmation of the Plan, the Brocks shall continue to manage and operate that business. Because all allowed claims will be paid in full on the Effective Date under the Plan, and because that is true under both of the “scenarios” described in the Plan and herein, it is not necessary to commit any of the profits or resources of the Santa Ana business to the satisfaction of the Plan. Nonetheless, in the interest of full and adequate disclosure, a five year projection of the Debtors’ disposable income is as follows:

Projected Five Year Disposable Income

Year 1	Amount
Aggregate Revenue of Susan Street Properties, LLC	\$240,000
Anticipated Costs of Susan Street Properties, LLC	(\$184,680)
Anticipated Taxes	(\$15,000)
Anticipated Capital Repair and Improvements	(\$5,000)
Anticipated Living Expenses and Costs	(\$35,320)
Net Disposable Income	\$0

Year 2	Amount
Aggregate Revenue of Susan Street Properties, LLC	\$240,000
Anticipated Costs of Susan Street Properties, LLC	(\$184,680)
Anticipated Taxes	(\$15,000)
Anticipated Capital Repair and Improvements	(\$5,000)
Anticipated Living Expenses and Costs	(\$35,320)
Net Disposable Income	\$0

Year 3	Amount
Aggregate Revenue of Susan Street Properties, LLC	\$240,000
Anticipated Costs of Susan Street Properties, LLC	(\$184,680)
Anticipated Taxes	(\$15,000)
Anticipated Capital Repair and Improvements	(\$5,000)
Anticipated Living Expenses and Costs	(\$35,320)
Net Disposable Income	\$0

Year 4	Amount
Aggregate Revenue of Susan Street Properties, LLC	\$240,000
Anticipated Costs of Susan Street Properties, LLC	(\$184,680)
Anticipated Taxes	(\$15,000)
Anticipated Capital Repair and Improvements	(\$5,000)
Anticipated Living Expenses and Costs	(\$35,320)
Net Disposable Income	\$0

Year 5	Amount
Aggregate Revenue of Susan Street Properties, LLC	\$240,000
Anticipated Costs of Susan Street Properties, LLC	(\$184,680)
Anticipated Taxes	(\$15,000)
Anticipated Capital Repair and Improvements	(\$5,000)
Anticipated Living Expenses and Costs	(\$35,320)
Net Disposable Income	\$0

VII. FEASIBILITY

The Plan proponents submit that the Plan is feasible and satisfies the requirements of 11 U.S.C. § 1129 (a)(11). Under either of the scenarios described above, all allowed claims filed against the Brocks' bankruptcy estate will be satisfied in full. The two scenarios described above only affect the timing of the distributions to be made under the Plan; but under either scenario, each allowed claim will be satisfied in full.

First Scenario. Under the First Scenario, the Plan is feasible because the aggregate and present value of the monies available to the Brocks in the debtor-in-possession and Pritchett Family Trust bank accounts exceeds the aggregate value of all allowed claims to be paid on the Effective Date.

Total of All Claims Paid on Effective Date (First Scenario)

Total of Class 1 Claims	\$30,000
Total of Class 2 Claims	\$11,822.70
Total of Class 4 Claims	\$98,156.89
Total	\$139,979.59

Sources of Funding for Claims Paid on Effective Date (First Scenario)

Source of Funding	Present Value (Estimated)
Debtor-in-possession accounts	\$104,539.84
Pritchett Family Trust account	\$70,438.95
Total Sources of Funding	\$174,978.79

The Plan is also feasible under the First Scenario with respect to the claims that will be paid upon the sale of the Boulder, Colorado residential property because the anticipated net proceeds of that sale exceed the value of the claims to be paid upon the sale:

Total of All Claims Paid on Sale of Property (First Scenario)

Total of Class 3 Claims	\$732,179.69
Total of Class 5 Claims	\$375,000.00
Total	\$1,107,179.69

Sources of Funding for Claims Paid on Sale of Property (First Scenario)

Source of Funding	Present Value (Estimated)
Boulder, Colorado property	\$2,400,000.00
Total Sources of Funding	\$2,400,000.00

Second Scenario. Under the Second Scenario, the Plan is feasible because the aggregate and present value of the monies available to the Brocks in the debtor-in-possession and Pritchett Family Trust bank accounts, together with the aggregate value of the anticipated net proceeds of the sale of the Boulder, Colorado residential property, exceed the aggregate value of all allowed claims:

Total of All Claims Paid on Effective Date (Second Scenario)

Total of Class 1 Claims	\$30,000.00
Total of Class 2 Claims	\$11,822.70
Total of Class 3 Claims	\$732,179.69
Total of Class 4 Claims	\$1,415,881.19

Total of Class 5 Claims	\$375,000.00
Total	\$2,564,883.58

Sources of Funding for Claims Paid on Effective Date (Second Scenario)

Source of Funding	Present Value (Estimated)
Debtor-in-possession accounts	\$104,539.84
Pritchett Family Trust account	\$70,438.95
Boulder, Colorado property	\$2,400,000.00
Total Sources of Funding	\$2,574,978.79

It should also be observed that the Class 3 Claim will be paid in the ordinary course prior to the closing on the sale of the Boulder, Colorado property. Because those ordinary course payments have the effect of reducing the aggregate amount of the Class 3 Claim, the amount paid to the Class 3 Claim holder upon the sale of the property will also be reduced. This effect makes the plan even more feasible even under the Second Scenario because it increases the net proceeds of the sale to be dedicated to the payment of all other creditors.

The likelihood of the proceeds from the sale of the Boulder property being insufficient to satisfy all of the claims under the Second Scenario is believed to be remote because an independent, third-party professional valuation of the Boulder property confirms that the likely sale value of that property, combined with the monies available to the Brocks in the debtor-in-possession and Pritchett Family bank accounts, exceeds the total aggregate value of all of the allowed claims under either of the foregoing scenarios. Nonetheless, in the unlikely event that the proceeds from the sale of the Boulder property are insufficient to pay all claims on the Effective Date, the Brocks have committed in the Plan to obtain a mortgage in respect of the equity held by the Pritchett Family Trust in the Santa Ana property to the extent of any insufficiency.

VIII. TAX CONSEQUENCES

The federal income tax consequences upon the holders of Claims may depend, among other things, upon the following: the origin of the holder's Claim, when the Claim becomes an Allowed Claim, when the holder receives payment in respect of the holder's Allowed Claim, when the holder reports income, whether the holder reports income using the accrual or cash method of accounting and/or whether the holder has taken a bad debt deduction in respect of its Claim. The tax consequences of the Plan with respect to each holder of a Claim should be discussed with a competent tax advisor.

IX. LIQUIDATION ANALYSIS

The Plan proponents submit that the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(7). The Brocks have conducted an appropriate investigation respecting the value they can expect to receive upon the liquidation of their properties under a hypothetical chapter 7 liquidation of the Brocks' bankruptcy estate. In particular, the Brocks obtained a broker price opinion of the Boulder, Colorado residential property. Based upon that sound investigation, the Brocks have concluded that, under the Plan, each of the holders of an Allowed Claim will receive as much, if not more, than such holder would receive under such a liquidation.

More particularly, the Plan provides that all allowed priority, secured and unsecured claims will be satisfied in full. Under a hypothetical chapter 7 liquidation of the Brocks' bankruptcy estate, such claims would also be satisfied in full. Accordingly, and as required by 11 U.S.C. §1129(a)(7), each holder of an Allowed Claim under the Plan will receive as much as such holder would receive under a hypothetical liquidation of the bankruptcy estate under chapter 7 of the Bankruptcy Code.

First Scenario Liquidation Analysis. Under the First Scenario, the liquidation value of the Brocks' bankruptcy estate is estimated as follows:

Liquidation Value of Bankruptcy Estate

Bankruptcy Estate Asset/Account	Liquidation Value (Estimated)
Debtor-in-possession accounts	\$104,539.84
Pritchett Family Trust bank account	\$70,438.95
Boulder, Colorado real property	\$2,310,000.00 ⁴
Total Value of Bankruptcy Estate Assets/Accounts	\$2,574,978.79

Under the First Scenario, in a hypothetical liquidation of the bankruptcy estate, each allowed claim would be paid in full:

Payment of Claims Under Hypothetical Liquidation (First Scenario)

Total of Class 1 Claims	\$30,000.00
Total of Class 2 Claims	\$11,822.70
Total of Class 3 Claims	\$732,179.69
Total of Class 4 Claims	\$98,156.89
Total of Class 5 Claims	\$375,000.00
Total	\$1,247,159.28

In this hypothetical liquidation, each holder of an allowed claim would receive an amount exactly equal to the amount that it will receive under the Plan. Therefore, the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(7) under the First Scenario:

Comparison of Plan Payments to Liquidation Payments (First Scenario)

Class of Claim	Amount Paid Under Plan	Amount Paid in Liquidation
Total of Class 1 Claims	\$30,000	\$50,000
Total of Class 2 Claims	\$11,822.70	\$11,822.70
Total of Class 3 Claims	\$732,179.69	\$732,179.69
Total of Class 4 Claims	\$98,156.89	\$98,156.89
Total of Class 5 Claims	\$375,000.00	\$375,000.00
Total	\$1,247,159.28	\$1,247,159.28

⁴ In a hypothetical liquidation, the Brocks would be entitled to claim a homestead exemption in the equity in the Boulder, Colorado property under applicable Colorado law. Therefore, in this hypothetical liquidation analysis, the net proceeds of that sale are reduced to reflect the hypothetical homestead exemption that the Brocks would claim.

Second Scenario Liquidation Analysis. Under the Second Scenario, the

liquidation value of the Brocks' bankruptcy estate is unchanged and is estimated as follows:

Liquidation Value of Bankruptcy Estate

Bankruptcy Estate Asset/Account	Liquidation Value (Estimated)
Debtor-in-possession accounts	\$104,539.84
Pritchett Family Trust bank account	\$70,438.95
Boulder, Colorado real property	\$2,310,000.00 ⁵
Total Value of Bankruptcy Estate Assets/Accounts	\$2,574,978.79

Under the Second Scenario, in a hypothetical liquidation of the bankruptcy estate, each allowed claim would also be paid in full:

Payment of Claims Under Hypothetical Liquidation (Second Scenario)

Total of Class 1 Claims	\$30,000.00
Total of Class 2 Claims	\$11,822.70
Total of Class 3 Claims	\$732,179.69
Total of Class 4 Claims	\$1,415,881.19
Total of Class 5 Claims	\$375,000.00
Total	\$2,564,883.58

In this hypothetical liquidation, each holder of an allowed claim would receive an amount exactly equal to the amount that it will receive under the Plan. Therefore, the Plan satisfies the requirements of 11 U.S.C. § 1129(a)(7) under the Second Scenario:

Comparison of Plan Payments to Liquidation Payments (Second Scenario)

Class of Claim	Amount Paid Under Plan	Amount Paid in Liquidation
Total of Class 1 Claims	\$30,000	\$50,000
Total of Class 2 Claims	\$11,822.70	\$11,822.70
Total of Class 3 Claims	\$732,179.69	\$732,179.69
Total of Class 4 Claims	\$1,415,881.19	\$1,415,881.19
Total of Class 5 Claims	\$375,000.00	\$375,000.00
Total	\$2,564,883.58	\$2,564,883.58

⁵ In a hypothetical liquidation, the Brocks would be entitled to claim a homestead exemption in the equity in the Boulder, Colorado property under applicable Colorado law. Therefore, in this hypothetical liquidation analysis, the net proceeds of that sale are reduced to reflect the hypothetical homestead exemption that the Brocks would claim.

X. RISK FACTORS

All of the statements contained in this Disclosure Statement relating the amount of the claims and the availability of funds for distribution are based upon the best information available to the Brocks at this time, but they may be erroneous. It is believed that the risk that the Plan will fail is very low because the Brocks have concluded after receiving an independent valuation of the Boulder residence from a third-party, independent real estate professional, that the market value of their residential property in Boulder, Colorado exceeds the amount of all allowed claims.

XI. CONFIRMATION OF THE PLAN

A. VOTING NOT NECESSARY

The Plan provides for the satisfaction, in full, of all Allowed Claims. Accordingly, the holders of Allowed Claims are not impaired and are deemed to have accepted the Plan.

B. CONFIRMATION STANDARDS

At the Confirmation hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an Order confirming the Plan. As set forth in Section 1129 of the Bankruptcy Code, those requirements are as follows:

1. The Plan complies with applicable provisions of the Bankruptcy Code.
2. The Brocks comply with applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. All payments to made for services or costs in connection with the case or

in connection with the Plan and incident to the case have been approved by or are subject to the approval of the Bankruptcy Court as reasonable.

5. Adequate disclosure is made with respect to the identify and affiliation of any individual proposed to serve, after Confirmation of the Plan, as a manager or director of the Brocks' business.

6. The Plan satisfies the "best interests of the creditors" test.

7. The Plan either does not impair any claims or has been accepted by at least one class of claims that is impaired under the Plan and as to any impaired class that has not accepted the Plan, the Plan does not unfairly discriminate and is fair and equitable to holders in each class.

8. The Plan is feasible.

C. OBJECTION TO CONFIRMATION

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and must be filed with the Bankruptcy Court and served upon the following party on or before _____, 2017:

Joseph T. Bernstein
G.W. MERRICK & ASSOCIATES, LLC
6300 South Syracuse Way, Suite 220
Centennial, Colorado 80202

Objections to confirmation of the Plan are governed by Rule 9014 of the Federal Rules of Bankruptcy Procedure. UNLESS AN OBJECTION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

D. EFFECT OF CONFIRMATION

The provisions of a confirmed Plan bind the Brocks, creditors and parties in interest, whether the party's claim or interest is impaired and whether that party accepted or voted for the Plan. Each old debt, claim or interest against the Brocks shall be discharged under the provisions of 11 U.S.C. § 1141(d)(5)(A) upon: (i) the payment of such debt, claim or interest pursuant to the Plan, and (ii) the Bankruptcy Court's entry of an Order granting such a discharge.

XII. RECOMMENDATION

Because no claims are impaired by the Plan, voting for the Plan is not required and the holders of all claims are deemed to have accepted the Plan. Nonetheless, the Brocks strongly urge the holder of each claim to review the Plan.

Dated: November 14, 2016

Respectfully submitted,

LAWRENCE A. BROCK

By: *Lawrence A. Brock*
Lawrence A. Brock

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-- and --

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ATTORNEYS FOR THE DEBTORS

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on November 14, 2016, a true and accurate copy of the foregoing **DISCLOSURE STATEMENT TO AC COMPANY THIRD AMENDED CHAPTER 11 PLAN OF REORGANIZATION PROPOSED BY THE DEBTORS (November 14, 2016)** was served upon the Office of the United States Trustee and other parties in interest as required by the Bankruptcy Court by placing the same in the custody of the U.S. Postal Service, postage prepaid, addressed as follows:

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