

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:)
)
HAL PRESTON WHITNEY,) Case No. 15-22819-MER
)
Debtor.) Chapter 11
)

DEBTOR'S DISCLOSURE STATEMENT IN SUPPORT OF PLAN
DATED JUNE 6, 2016

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the Chapter 11 case of Hal Preston Whitney (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Debtor's Third Amended Chapter 11 Plan (the "Plan") attached to this Disclosure Statement. A full copy the Plan is attached to this Disclosure Statement as Exhibit A. *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

The proposed distributions under the Plan are discussed at pages 6-10 of this Disclosure Statement. All creditors will be paid in full with interest including general unsecured creditors are classified in Class 3 and will be paid 100% of the principal amount of their allowed unsecured claim over five (5) years. General unsecured creditors will be paid interest at the Federal mid-term interest rate on one year United States Treasury Bonds as of the Effective Date on the allowed amount of their claims over that five year period.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interest of the type you hold (i.e., what you will receive on your claim if the Plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- The effect of confirmation of the Plan.

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

B. Voting on the Plan

Along with a copy of the Plan, this Disclosure Statement provides each creditor with a ballot to be used for voting. As a creditor, voting on the Plan is important. The Court has not yet confirmed the Plan described in the Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

Under certain circumstances, the Bankruptcy Court may confirm the Plan despite one or more impaired Classes rejecting the Plan, pursuant to 11 U.S.C. § 1129(b). This Disclosure Statement explains the “cramdown” provisions in greater detail within Article IV.

1. *Voting Requirements.*

Only those Classes of Claims “impaired” under the Plan are entitled to vote to accept or reject the Plan, pursuant to 11 U.S.C. § 1126(a). Classes of Claims that not impaired are not entitled to vote and are conclusively presumed to have accepted the Plan, pursuant to 11 U.S.C. § 1126(f). Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules. A Class of Claims shall have accepted the Plan if such Plan is accepted by at least two-thirds in amount and more than one-half in number of the Allowed Claims of such Class actually voting. Each holder of an Allowed Claim within Classes 2 and 3 are deemed impaired, and therefore are required to vote.

2. *Time and Place of the Hearing to Confirm the Plan*

This Disclosure Statement is subject to final approval by the United States Bankruptcy Court for the District of Colorado, as containing adequate information to enable creditors and interest holders to determine whether to accept the Debtor’s Plan, pursuant to 11 U.S.C. §1125. Under certain circumstances, the Court can approve the Plan notwithstanding certain Classes rejecting Debtor’s treatment of their claim, pursuant to the “cram down” provisions of 11 U.S.C. §1129.

The Court’s approval of this Disclosure Statement does not constitute a decision on the merits of the Plan. Issues related to the merits of the Plan and its confirmation are subject to a confirmation hearing scheduled for _____, 2016 at _____ in Courtroom C, U.S. Bankruptcy Court, 721 19th Street, Denver, CO 80202.

3. *Deemed Acceptance of the Plan.*

Unimpaired classes are conclusively presumed to have accepted the Plan, pursuant to 11 U.S.C. § 1126(f). Class 1 is unimpaired by the Plan.

4. *Deemed Rejection of the Plan.*

Classes that receive and retain nothing under the Plan are deemed to reject the Plan, pursuant to 11 U.S.C. § 1126(g). No Class is deemed to have rejected the Plan.

5. *One Vote Per Holder.*

If a holder of a Claim holds more than one Claim in any one Class, all Claims of such holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims voting for or against the Plan.

6. *Enclosed Ballot*

Debtor forwards a ballot to each creditor who filed a Proof of Claim with the Bankruptcy Court, prior to the April 15, 2016 Court-ordered bar date, whose claim Debtor did not schedule as disputed, contingent, or unliquidated, or whose claim that the Bankruptcy Court did not disallow or deem withdrawn. Those creditors subject to pending objections are not entitled to vote on the Plan to the extent that their claim is subject to dispute, unless the Bankruptcy Court orders otherwise.

7. *Deadline for Voting to Accept or Reject the Plan.*

This Ballot must be received by Kenneth J. Buechler no later than _____, 2016, which date the Court set as the last day to vote on the Plan, or it will not be counted.

8. *Deadline for Objecting to Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon the Debtor, counsel for the Debtor, the United States Trustee's office, and all parties who have entered an appearance in this bankruptcy case by _____, 2016.

9. *Contact Person to Return Ballot and Request Additional Information*

Please complete the enclosed Ballot according to the instructions contained therein and return it, in the enclosed envelope, to undersigned counsel of the Debtor. Likewise, creditors requesting additional information about the Plan should contact undersigned counsel at:

Buechler & Garber, L.L.C.
999 18th Street, Suite 1230 S
Denver, Colorado 80202
Tel: 720-381-0045

C. Disclaimer

The Court may conditionally approve this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation and the fact that the Court approves this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's conditional approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of the Disclosure Statement may be filed until _____, 2016.

II. BACKGROUND

A. Description and History of the Debtor

The Debtor is an individual who works as a dentist. The Debtor operates as a dentist through two entities, each in northeastern Colorado. The first entity is Hal P. Whitney Brush Dental, PLLC ("Brush"). Brush contracts with Brush Dental, Inc., a dental practice owned by a dental hygienist in Brush, Colorado. Brush Dental, Inc. owns all the dental equipment. The Debtor sees the patients, and Brush receives a split of all income from patients. After paying the ordinary and necessary expenses of operation, Brush pays all net income at the end of the month to the Debtor.

The Debtor also operates H. Preston Whitney DDS Haxtun Dental, LLC ("Haxtun"). Haxtun also operates in Brush, Colorado. Haxtun employs Northeast Dental Management, Corp., a management company, to manage the practice and pay all expenses, including payroll and equipment leases. Janie Whitney, the Debtor's wife, is the President of Northeast Dental Management, Corp. and manages Haxtun. For that work, Haxtun pays her a monthly salary of \$3,500 for that work. After Northeast Dental Management, Corp. pays the expenses, Haxtun pays the remaining net income at the end of the month to the Debtor. Between Haxtun and Brush, the Debtor grosses approximately \$36,000 per month, or \$432,000 annually.

Prior to his current employment, the Debtor suffered a major heart attack. Because of the heart attack, the Debtor was not able to generate income for a number of months and fell behind on his obligations. The Debtor is now fully recovered. Since the heart attack, the Debtor established Brush and Haxtun. In a few short months, the Debtor has been able to generate significant income that will allow him to repay his creditors.

The Debtor and Mrs. Whitney live in Parker. Because the Debtor has recently established his practice in Brush, he has a ninety minute drive to his work, leading to significant travel expenses.

B. Projected Recovery of Avoidable Transfers

The Debtor is reviewing payments made prior to the Petition Date to determine if any of payments are avoidable either as preferences or as fraudulent transfers. The Debtor does not believe that there are any avoidable transfers in this action.

Notwithstanding the above, if you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

C. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order or was scheduled by the Debtor as undisputed, not contingent, or liquidated, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld.

D. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed on the Debtor's Amended Petition and Schedules (docket No. 68).

The Debtor's primary assets are Brush and Haxtun. The value of both entities, however, is almost exclusively attributable to the Debtor's skills as a dentist. Accordingly, pursuant to a valuation obtained by the Debtor, neither Brush nor Haxtun has any value to creditors in a liquidation.

The Debtor's other primary asset is his income of approximately \$432,000 annually. The Debtor does not own any real property and the vehicle he operates is leased. The Mazda 3 the Debtor owned on the Petition Date was surrendered to the secured creditor. The Debtor owns modest personal property, valued at around \$5,000 and has a Whole Life insurance policy with a cash value of \$18,000.

The Debtor's practices were valued based on appraisals conducted by Larry Chatterley of CTC Associates. A true and correct copy of the valuations of each Brush and Haxtun are attached hereto as Exhibit B. The Debtor's personal property was valued based on the resale value of similar items.

The Debtor's income and expenses as they appear on the Debtor's Amended Monthly Operating Reports for February through May are accurate reflections of the Debtor's current financial condition.

III. SUMMARY OF THE PLAN AND REORGANIZATION AND TREATMENT OF CLAIMS

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

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

B. Unclassified Claims

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

1. *Administrative Expenses*

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

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

| <u>Type</u> | <u>Estimated Amount Owed</u> | <u>Proposed Treatment</u> |
|--|-------------------------------------|---|
| Professional Fees of Buechler Law Offices, LLC, as approved by the Court | \$20,000.00 | Paid in full on the effective date of the Plan out of funds in the Debtor's Debtor-in-Possession bank account and his post-petition income, or according to a separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan. |

| | | |
|--|-------------|---|
| Professional Fees of Nathaniel J. Thompson, LLC as approved by the Court | \$7,500 | Paid in full on the effective date of the Plan out of funds in the Debtor's Debtor-in-Possession bank account and his post-petition income, or according to a separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan. |
| Professional Fees of Dennis & Company, P.C. as approved by the Court. | \$7,500 | Paid in full on the effective date of the Plan out of funds in the Debtor's Debtor-in-Possession bank account and his post-petition income, or according to a separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan. |
| Clerk's Office Fees | None | Paid in full on the effective date of the Plan. |
| Other administrative expenses | None | Paid in full on the effective date of the Plan or according to separate written agreement. |
| Office of the US Trustee Fees | None | Paid in full on the Effective Date. |
| Total | \$35,000.00 | |

2. *Priority Tax Claims*

| <u>Class #</u> | <u>Description</u> | <u>Insider?</u> | <u>Impairment</u> | <u>Treatment</u> |
|----------------|---|-----------------|-------------------|---|
| 1 | Priority Tax Claims Priority of lien: §507(a)(8) Principal Owed: \$151,532.61 Total Claim: \$151,532.61 | No | No | Class 1 consists of the unsecured priority tax claims of governmental units. The Debtor asserts that the Colorado Department of Revenue has a priority claim in the amount of \$41,345.18 and the Internal Revenue Service has a priority claim in the sum of \$110,187.43. The Allowed |

| | | | | |
|--|--|--|--|---|
| | | | | <p>Priority Claims of the IRS and Colorado Department of Revenue shall bear interest at the rate of 3% per annum, beginning on the Effective Date, and shall each be paid in full on the first anniversary of the Effective Date from the Creditor Fund. Any general unsecured claim of any entity asserting a priority tax claim under this section, including any claims for penalties not related to actual pecuniary loss, shall be provided for pursuant to Class 3 of the Plan, unless subordinated by separate order of the Court.</p> |
|--|--|--|--|---|

C. Classes of Claims and Equity Interests

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

1. *Classes of Secured Claims*

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

| <u>Class #</u> | <u>Description</u> | <u>Insider</u> | <u>Impairment</u> | <u>Treatment</u> |
|-----------------------|---|-----------------------|--------------------------|--|
| 2 | <p>Secured claim of: Internal Revenue Service</p> <p>Collateral Description: All Personal Property</p> <p>Allowed Secured Amount: \$27,475.00</p> | No | Yes | <p>The IRS shall have an allowed secured claim in the sum of \$27,475.00. Such claim shall bear interest at the rate of 3% per annum, and shall be paid by equal monthly payments in the amount of \$2,327.00, starting the first day of the</p> |

| Class # | Description | Insider | Impairment | Treatment |
|----------------|--|----------------|-------------------|--|
| | Priority of lien: 1 st Principal Owed: \$27,475.00 Pre-pet. arrearage: \$0 Total Claim: \$27,475.00 | | | first month after the Effective Date. Such claim shall be amortized over the course of 12 months with the balance of the claim to be paid on the first day of the first month after the first anniversary of the effective date. The IRS shall have an allowed unsecured claim for its deficiency of \$239,192.00 that shall be added to the other \$182,654.51 of the total IRS claim which the IRS asserts is unsecured in its proof of claim. |

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. The Debtor is not aware of any priority unsecured claims and no creditor has filed a priority unsecured claim.

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Administrative convenience claims are any unsecured claims that are less than an amount that the Court approves as reasonable and necessary for administrative convenience.

The following chart identifies the Plan's proposed treatment of Classes 4 and 5, which contain general unsecured claims against the Debtor:

| Class # | Description | Impairment | Treatment |
|----------------|-------------------------|-------------------|---|
| 3 | General Unsecured Class | Impaired | Class 3 shall be comprised of all creditors holding Allowed Unsecured Claims against the Debtor, including any allowed claims |

| Class # | Description | Impairment | Treatment |
|---------|-------------|------------|---|
| | | | not subordinated by Order of the Bankruptcy Court, held by any governmental agency which are not related to actual pecuniary loss. Class 3 consists of scheduled claims in the sum of \$645,982.72. Class 3 is impaired under the Plan. Class 3 shall receive pro-rata distributions on an annual basis from the Debtor's Creditor Fund beginning on the first anniversary of the Effective Date and for five (5) years thereafter. On or before the first day of the first month of the fifth anniversary of the of the first payment of Class 3, Class 3 creditors shall be paid 100% of the principal amount of their claim in addition to interest at the Federal mid-term interest rate on one year United States Treasury Bonds as of the Effective Date, with interest on Class 3 claims beginning to accrue as of the Effective Date. |

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the Debtor's income, and any cash remaining in the Debtor's Debtor-in-possession account after paying administrative claims.

2. *Establishment and funding of bank accounts held by Debtor.*

On the Effective Date, the Debtor shall establish two separate bank account for funds to be held by the Debtor in order to insure performance of its obligations under the Plan. All funds held by the Reorganized Debtor for distribution under the Plan shall be held in accounts which are insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States. The fund to be established is as follows:

- a. **Creditor Fund:** Upon confirmation of the Debtor's Plan, and prior to the Effective Date, the Debtor will open a "Creditor Fund" in a separate, interest bearing account. At the conclusion of each month, the Debtor shall deposit the sum of \$15,000.00 into the Creditor Fund. Within thirty days of the first anniversary of the Effective Date of the Plan, the Debtor shall pay all Allowed Class 1 claims in full. Within 30 days of the first anniversary of the Effective Date, after payment of all Allowed Class 1

claims in full, and each year thereafter the Debtor shall make prorated distributions to each allowed claim in Class 3.

- b. **Operating Account:** After confirmation of the Debtor's Plan, the Debtor shall maintain its existing Debtor-in-Possession Account. All income received by the Debtor shall first be deposited in the Operating Account and all of the Debtor's expenses shall be paid out of the Operating Account. At the conclusion of each month, the Debtor shall transfer the sum of \$15,000 from the Operating Account into the Creditor Fund. Notwithstanding any other language in the Plan to the contrary, the Debtor shall be permitted to maintain a balance in the Operating Account in an amount not to exceed \$100,000, which shall serve to protect the Debtor and his creditors in the event circumstances cause a reduction in the Debtor's income. In the event that the Debtor has the sum of \$100,000 in his Operating Account, any additional income shall be contributed to the Creditor Fund in addition to the \$15,000 monthly contribution to provide an earlier distribution to Class 3 creditors. In the first year after the Effective Date, the Debtor shall make monthly payments to the allowed Class 2 claim of the IRS in the sum of \$2,327.00. Throughout the life of the Plan, the Debtor will make his quarterly US Trustee fee payments, in the estimated sum of \$650 per quarter, to the US Trustee out of the Operating Account as well.

3. *Retirement Accounts*

The Debtor is 59 years old and has no meaningful retirement savings. The Debtor shall be permitted to contribute 12.5% of his gross income each year to qualified retirement accounts.

E. Risk Factors

The proposed Plan has the following risks:

General Economic Risk

The Debtor's employment could be affected by the conditions of the economy. Should the country be hit by a recession, the demand for dental work could reduce, and the Debtor's income and, consequently, ability to make payments under the Plan could be affected.

Medicaid

A large portion of the Debtor's patients receive assistance from Medicaid. The current political administration expanded Medicaid coverage. In the event that Medicaid reimbursements are reduced or eliminated, the Debtor's income and, consequently, ability to make payments under the Plan could be effected.

Debtor's Age

The Debtor is 59 years old. Accordingly, there is a risk that the Debtor's health will force him to retire at some point during the life of the Plan. Should the Debtor opt to retire during the life of the Plan, the Debtor's income and, consequently, ability to make payments under the Plan could be affected.

F. Executory Contracts and Unexpired Leases

To the best of the Debtor's knowledge, there are two executory contracts or unexpired leases:

Residential lease with Dolf Schroeder for Debtor's primary residence. Effective on the Effective Date of the Plan, the Debtor assumes that lease and/or executory contracts.

G. Tax Consequences of Plan

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

The following are anticipated tax consequences of the Plan:

1. *Tax Consequences to the Debtor of the Plan.*

The Debtor does not believe that the Plan will have any material affect upon the Debtor. The Debtor is repaying his sizeable pre-petition income tax obligations in full, and is making arrangements to stay current on his post-petition income tax obligations. To the extent that the Debtor incurs unexpected tax obligations post-petition, the Debtor expects to have sufficient income to pay both the tax obligations and make payments under the Plan.

2. *General tax consequences on creditors of any discharge.*

Confirmation of the Plan discharges the Debtor from any debt that arose before the date of such confirmation and any debt of a kind specified in 11 U.S.C. § 502(g), 502(h), or 502(I), whether or not: (I) a proof of claim is filed or deemed filed; (ii) such claim is allowed under 11 U.S.C. § 502; or (iii) the holder of such claim has accepted the Plan. Pursuant to 11 U.S.C. § 1141(d)(5), upon the entry of an order confirming this Plan by the Bankruptcy Court, the reorganized Debtor shall be discharged and released from, and hold all of its property free of all liabilities, liens, claims, and obligations of any nature or description except for those claims, liens, liabilities, and obligations provided for in the Plan. The terms of the confirmed Plan will bind the Debtor and all of its creditors with respect to payment of such claims.

The consequences on creditors of any discharge will result in a realized loss, if applicable, to the creditor. After the Plan is confirmed, any plan consideration will be considered a gain to be offset by the realized loss, if applicable.

H. Alternatives to the Plan

In the event that the Debtor's Plan is not confirmed, the Debtor could convert to a case under Chapter 7 in which case a trustee would be appointed to liquidate the Debtor's assets

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

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

A. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" of non-accepting classes, as discussed later in Section A.2.

1. Votes Necessary for a Class to Accept the Plan

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

A class of equity interest accepts the Plan if the holders of at least two-thirds ($\frac{2}{3}$) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. Treatment of Nonaccepting Classes

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

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

B. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a Chapter 7 liquidation.

The Debtor's Schedules show that the Debtor has non-exempt assets in the sum of \$0 because of the blanket lien of the IRS on the Debtor's personal property. Thus, in the event of a liquidation, all funds would be paid to the IRS on account of its secured claim and no funds would be available to unsecured creditors.

By contrast, in the Plan, the Debtor will pay the sum of not less than \$857,641.24 to creditors over the life of the Plan. Of that amount, \$156,078.59 will be paid to priority tax claims, representing the principal amount of the priority tax claims with 3% interest for one year. \$27,924 will be paid to the secured claim of the IRS in the first year of the Plan. The remaining \$660,638.65 will be paid to general unsecured creditors, representing a 100% return to unsecured creditors on the principal amount of their claims over five years, including interest at the Federal mid-term interest rate on one year United States Treasury Bonds as of the Effective Date on the allowed amount of their claims over that five year period.

C. Feasibility

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

1. *Ability to Initially Fund Plan*

The most recent Monthly Operating Report shows that the Debtor has \$40,804.76 in cash on hand. A true and correct copy of the most recent Monthly Operating Report is attached hereto as Exhibit C. The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization*

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

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual cash flow, after paying expenses and post-confirmation taxes, of \$252,000, sufficient to cover the \$180,000 in annual payments to the Creditor Fund, made in increments of \$15,000 monthly. The final Plan payment is expected to be paid on the first day of the sixtieth month after the effective date of the Plan.

The above numbers are based upon the Debtor's current household income and expenses. The numbers assume a constant income without bonuses and that the Debtor will continue to work for the life of the Plan.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

Discharge. Confirmation of the Plan does not discharge any debt provided for in the Plan until the court grants a discharge on completion of all payments under the Plan, or as otherwise provided in § 1141(d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure. Upon completion of all payments under the Plan, the Debtor shall be entitled to a discharge under 11 U.S.C. § 1141, except as provided in the Plan. Upon completion of all payments under the Plan, the Debtor shall request the Bankruptcy Court to enter a discharge of all her debts pursuant to 11 U.S.C. § 1141(d)(5), except as provided in the Plan.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

Upon request of the Debtor, the United States Trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. Status of the Case Upon Confirmation

Upon confirmation of the Plan, the case shall be administratively closed until all payments have been made under the Plan.

D. Final Decree

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

DATED this 6th of June, 2016

/s/ Hal Preston Whitney

By: _____
Hal Preston Whitney

BUECHLER & GARBER, L.L.C.

/s/ Jonathan M. Dickey

By: _____
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