

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

IN RE:	)	
	)	
BARONG, LLC,	)	Case No. 17-14551-EEB
EIN NO. 42-1669202	)	Chapter 11
Debtor.	)	
<hr/>	)	
IN RE:	)	
	)	Case No. 17-14555-EEB
SISU TOO, LLC,	)	Chapter 11
Debtor.	)	
<hr/>	)	
IN RE:	)	
	)	
SM PROPERTY HOLDINGS, LLC, a/k/a	)	Case No. 17-14554-EEB
SMOU PROPERTY HOLDINGS, LLC,	)	Chapter 11
Debtor.	)	
	)	<b>JOINTLY ADMINISTERED UNDER</b>
	)	<b>CASE NO. 17-14551 EEB</b>

**SM PROPERTY HOLDINGS, LLC’S DISCLOSURE STATEMENT TO ACCOMPANY  
PLAN OF REORGANIZATION DATED JANUARY 26, 2018**

SM Property Holdings, LLC a/k/a SMOU Property Holdings, LLC (“SMPH”) prepared this Disclosure Statement to accompany its Chapter 11 Plan of Reorganization dated January 26, 2018 (“SMPH Plan”), which was filed in the above-captioned Chapter 11 cases. While this Plan is filed by SMPH, it is intended to be a competing plan incorporating the jointly administered Debtors Barong, LLC (“Barong”), SiSu Too, LLC (“SiSu”) (together, SMPH, Barong and SiSu are referred to herein as Debtors). This Disclosure Statement is being provided to all creditors and Interest holders of the Debtors. This Disclosure Statement is subject to final approval pursuant to 11 U.S.C. § 1125 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 SMPH Plan. 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 will be the subject of a confirmation hearing which is scheduled for \_\_\_\_\_, at the United States Bankruptcy Court for the District of Colorado, Courtroom F, U.S. Bankruptcy Court, U.S. Custom House, 721 19<sup>th</sup> Street, Denver, Colorado.

**THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. THE COMMISSION HAS SIMILARLY NOT REVIEWED THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT.**

The SMPH Plan is the governing document or contract with creditors once it is confirmed by the Court. In the event of any inconsistencies between the SMPH Plan and SMPH Disclosure Statement, the SMPH Plan supersedes the Disclosure Statement and will be the sole Court-approved document that governs the post-confirmation relationship and agreements between the parties.

This Disclosure Statement is provided to you along with a copy of the Plan and a Ballot to be used for voting on the Plan. Please complete the Ballot according to the instructions contained on the Ballot if you intend to vote for or against each of the Debtors' Plan. Each creditor or Interest holder may vote on the Plan by completing the enclosed Ballot and returning it to counsel for the Debtors at the address below:

**For Barong or SiSu:**

Jenny M.F. Fujii  
Kutner Brinen, P.C.  
1660 Lincoln Street  
Suite 1850  
Denver, CO 80264

**For SM:**

Robert D. Lantz, Esq.  
COAN, PAYTON, & PAYNE, LLC  
999 18<sup>th</sup> Street  
South Tower, Suite S1500  
Denver, CO 80202

This Ballot must be received by Coan, Payton, & Payne, LLC (“CP2”) no later than \_\_\_\_\_, which is the date set by the Court as the last day to vote on the Plan. Capitalized terms contained in this Disclosure Statement that are defined in the Plan have the same meaning as set forth in the definitional section of the Plan, Article II.

**Recommendation.** As discussed more fully below, the SMPH firmly believe that the Plan represents the best alternative for providing the maximum value for creditors. The Plan provides creditors with a distribution on their Claims in an amount greater than any other potential known option available to the Debtors. **Again, the SMPH strongly believe that confirmation of the Plan is in the best interest of creditors and recommends that all creditors entitled to vote on the Plan vote to accept the Plan.**

**Voting Requirements.** Pursuant to the Bankruptcy Code, only Classes of Claims or Interests that are “impaired” under the Plan are entitled to vote to accept or reject the Plan. Classes of Claims and Interests that are not impaired are not entitled to vote and are deemed to have accepted the Plan. Voting on the Plan shall be pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Rules, and a Class shall have accepted the Plan if the 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.

**Voting Classes.** Each holder of an Allowed Claim in Classes 1, 2, 3, 5, 6, 7, 9, and 10 shall be entitled to vote to accept or reject the Plan.

**Deemed Acceptance of Plan.** Unimpaired classes are conclusively presumed to accept the Plan pursuant to Section 1126(f) of the Bankruptcy Code. Classes 4, 8, and 11 are unimpaired under

the Plan.

**Deemed Rejection of Plan.** Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code. There are no Classes that receive or retain nothing under the Plan.

**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.

## **I. CHAPTER 11 AND PLAN CONFIRMATION**

Chapter 11 of the United States Bankruptcy Code is designed to allow for the rehabilitation and reorganization of financially troubled entities or individuals. Chapter 11 allows each of the Debtors to retain their respective assets during the administration of the Chapter 11 case as debtor-in-possession. Following confirmation of the Plan, a Plan Administrator will liquidate properties of Barong and SiSu. As defined in the SMPH Plan and herein, “Properties” means the real property located at 100 East Meadow Drive, Unites 2, 3, 5, 6B, 6C and 9, Vail Village Plaza Condominiums, Vail, Colorado (the “Barong Property”), and five garage spaces located at Unites 784, 791, 792, 800, and 801, Village Inn Plaza, Vail, Colorado (the “SiSu Property”).

SMPH will retain its assets as a reorganized debtor or as otherwise provided in the Plan. If the Plan is approved by the Court, the Plan is the permanent restructuring of the Debtors’ financial obligations. The Plan also provides a means through which the Debtors will restructure or repay their obligations. The Plan will provide the Debtors with an opportunity to pay all creditors through the sale of assets and the generation of income from the sale of assets.

The Plan divides creditors into Classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All Interests are also classified and treated alike. Each

Class of creditors or interest holders is either impaired or unimpaired under the Plan. A Class is unimpaired if the Plan leaves unaltered the legal, equitable and contractual rights to which each creditor in the Class is entitled or if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to default.

Each Debtor filed separate Applications requesting that the Court set a deadline for filing Proofs of Claim and certain administrative expense claims. On June 27, 2017, the Court entered orders in each of the cases establishing September 1, 2017, as the last day: (a) for filing of any Proof of Claim for a pre-petition claim or interest; and (b) by which motions or requests for allowance of administrative expense claims pursuant to 11 U.S.C. § 503(b)(9) must be filed with the Court (“Bar Date”). The Plan provides that Claims and Interests of all Classes shall be allowed only if such Claims are either: (a) evidenced by a timely filed Proof of Claim or Interest; or b) appear in the Schedules filed by the Debtors and are not scheduled as disputed, contingent or unliquidated, unless subsequently allowed by the Court. Creditors may check as to whether or not their Claims are scheduled as disputed, contingent or unliquidated by reviewing the Schedules and the amendments thereto filed by the Debtors in the Bankruptcy Court for the District of Colorado. Alternatively, creditors may contact counsel for the Debtors or the Debtors directly in order to determine how their claim was scheduled.

Chapter 11 does not require that each holder of a Claim or Interest vote in favor of the Plan in order for the Court to confirm the Plan. The Plan, however, must be accepted by at least one impaired Class of Claims by a majority in number and two thirds in amount, without including insider acceptance of those Claims of such Class actually voting on the Plan. Assuming one impaired Class votes to accept the Plan, it may be confirmed over its rejection by other Classes if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each

Class of Claims that is impaired under and has not accepted the Plan. SMPH believes the Plan provides the best alternative for creditors and it urges all creditors to vote to accept the Plan.

If all Classes of Claims entitled to vote accept the Plan, the Court may confirm the Plan. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation. Among other things, Section 1129 requires that the Plan be in the best interest of the holders of Claims and Interests and be feasible through a showing that confirmation will not be followed by the need for further financial reorganization of the Debtors.

## **II. OVERVIEW OF THE PLAN AND MEANS OF EXECUTION**

The SMPH Plan is a joint competing plan to the Amended Plan and Disclosure Statement filed on October 30, 2017, by Barong, SiSu, and SMPH. Because of infighting as between Dennis and Bonnie Havlik directed at Sharon Mou related to Barong and SiSu, the SMPH Plan is filed to include a Plan Administrator to assist in the liquidation of the Barong and SiSu properties. The third-party Plan Administrator is intended to allow for an independent third-party to evaluate and liquidate the Properties in a reasonable business manner. Barong, SiSu and SMPH herein after are cumulatively referred to as “Debtors”.

<b><u>CLASS</u></b>	<b><u>IMPAIRMENT</u></b>	<b><u>TREATMENT</u></b>
1, 5, 9: Montegra	Impaired	Allowed Secured Claim paid in full by June 30, 2018, or later if agreed, see Plan for details.
2, 6: Vail Village Plaza Condominium Association	Impaired	Allowed Secured Claim paid in full by June 30, 2018, or later as agreed, see Plan for details.
3, 7, 10: General Unsecured Creditors	Impaired	Allowed Unsecured Claims shall be paid on a pro-rata basis from the sale or refinance of the Properties, see Plan for details.
4, 8, 11: Interest holders	Unimpaired	Interest holders shall retain their respective interests.

The SMPH Plan provides for the liquidation of certain real property owned by Barong and SiSu, and reorganization of SMPH under Chapter 11 of the Bankruptcy Code. The Debtors believes that the SMPH Plan represents the best way for creditors to recover the maximum amount on their claims.

### **III. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILING**

Barong is a Colorado limited liability company formed by three individuals in March 2005. The members of Barong have not changed since its inception and the interests are as follows:

Sharon Mou	50%
Bonnie Havlik	25%
Dennis Havlik	25%

Barong was formed to acquire real property located in Vail, Colorado with an address of 100 East Meadow Drive, Units 2, 3, 5, 6B, 6C, and 9 (“Barong Property”). Bonnie Havlik and Sharon Mou co-managed Barong until approximately March 2017 when Sharon Mou became the sole manager.

The Barong Property consists of a restaurant, bakery, bar, and storage. This property was leased to a separate entity, Sharon Mou, Inc. (“Tenant”), who operated the Alpenrose II, which is owned by Bonnie and Dennis Havlik (“Barong Lease”). The Tenant lease payments are the only source of income for Barong.

The Barong Property was initially financed by Colorado Capital Bank in 2005. The purchase price was approximately \$1,670,123. All three members personally guaranteed the debt. The Colorado Capital Bank debt was secured by: (a) 100 East Meadow Drive, Units 2, 3, 5, 6B, 6C, and 9, Vail, Colorado; (b) Units 784, 791, 792, 800, and 801 in the Village Inn Plaza, Vail, Colorado; and (c) 100 West Beaver Creek Boulevard, Unit 125, Avon, Colorado<sup>1</sup>. In 2013, Barong was forced

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<sup>1</sup> Although the improved real property located at 100 West Beaver Creek Boulevard, Unit 125, in Avon, Colorado is

to refinance the debt due to an pending foreclosure sale on all the real property held as collateral.. Montegra Capital Resources, Ltd. (“Montegra”) agreed to loan Barong the money to pay off the secured claim. The new note with Montegra was in the principal amount of \$2,090,000, which required monthly interest only payments on a 9.5% per annum rate, plus a monthly loan servicing fee of approximately \$1,741.67 (“Montegra Loan”).

SiSu is a Colorado limited liability company formed by three individuals in October 2013.

The members of SiSu have not changed since its inception and the interests are as follows:

Sharon Mou	50%
Bonnie Havlik	25%
Dennis Havlik	25%

SiSu was formed to acquire real property consisting of five parking spaces located in Vail, Colorado. The parking spaces are known and described as Units 784, 791, 792, 800, and 801 in the Village Inn Plaza (“SiSu Property”). The SiSu Property is adjacent to the Barong Property and is used in conjunction with the Barong Property. Bonnie Havlik and Sharon Mou are the co-managers of SiSu.

SiSu Real Property was pledged as collateral for the 2013 Montegra Loan in exchange for the payoff of the underlying mortgage. The SiSu Real Property was originally financed by Colorado Capital Bank in the amount of \$383,093 in 2009.

SMPH was formed by Sharon Mou in 2013 for the purpose of facilitating the Montegra Loan. Montegra insisted on additional security before agreeing to finance the loan, and Sharon Mou pledged SMPH real property to further secure the Montegra Loan. The SMPH real property is located at 100 West Beaver Creek Boulevard, Unit 125, Avon, Colorado (“SMPH Property”). SMPH is owned by Sharon Mou.

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currently owned by SMPH, the entity SMPH was not created until 2013 at the request of Montegra. The same



While Barong and SiSu lease their all of their property to the Tenant in Vail, SMPH operates independently. The SMPH Property is leased to 3 Dragons, LLC for the purpose of operating a Chinese restaurant. 3 Dragons, LLC is not related to the Debtors or their members. The SMPH Property is not subject to any liens except for liens related to the Montegra Loan.

As a result of the Montegra Loan, all three Debtors became jointly liable for the debt, with all of the Debtors' real property pledged to secure the debt. Further, Sharon Mou, Bonnie Havlik, and Dennis Havlik are all personally liable on the Montegra Loan.

The initial maturity date on the Montegra Note was October 15, 2015. Montegra agreed to extend the maturity date through October 15, 2016 and executed a Modification Agreement recorded on November 13, 2015 in the Eagle County real property records at reception no. 201521465. The Debtors were unable to refinance the Montegra Loan, and Montegra did not agree to another extension of the term. As a result, Montegra commenced foreclosure proceedings against the Barong, SiSu, and SMPH Property.

Due to the pending Montegra foreclosure proceedings, the Chapter 11 cases were filed on May 16, 2017. The Chapter 11 cases have given the Debtors time to proceed with the marketing and liquidation of assets in an organized manner, and reorganize their financial affairs.

The Debtors filed their separate Voluntary Petitions pursuant to Chapter 11 of the Bankruptcy Code on May 16, 2017 ("Petition Date"). The Debtors' cases are jointly administered. The Barong and SiSu bankruptcy cases were filed with approval of all members pursuant to a meeting held in May 2017 as indicated on the Corporate Resolutions filed in the respective cases. Sharon Mou and Bonnie Havlik attended the creditors meetings for all three Debtors, as well as the subsequent scheduling conference.

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collateral, however, secured the debt since 2005.

Previously, the Debtors' Joint Disclosure Statement was approved by this Court, and the Debtors' Joint Plan of Reorganization ("Plan") has been sent out on notice with ballots and objections due by December 18, 2017. SMPH is owned 100% by Sharon Mou. Both Barong and SiSu are owned by the same individuals as follows:

- i. 50% Sharon Mou;
- ii. 25% Bonnie Havlik; and
- iii. 25% Dennis Havlik.

Sharon Mou, Inc. ("SMI") is the entity currently occupying the real property owned by Barong and SiSu. As distinguished from Sharon Mou, individually, and SMPH, neither Sharon Mou nor SMPH have an interest in SMI. SMI is wholly owned by Bonnie Havlik and Dennis Havlik. The Plan provides for Barong and SiSu Too, LLC ("SiSu") to sell their real property on or before June 30, 2018 in order to pay the secured creditor Montegra Capital Resources, Ltd. ("Montegra"). Montegra is the main secured lender in this case with a claim of approximately \$2,630,680.03 ("Debt") secured by deeds of trust against all the real property separately owned by the three Debtors. The original principal amount of the debt was \$2,090,000, but that amount has grown to \$2.6 million as of the Petition Date due to the continuous default of the tenant, SMI, and the accrual of interest at the default rate of 24% on the note. Pre-Petition Date, the Debt required interest only payments to Montegra in the approximately amount of \$16,545.83, plus a monthly loan service fee of \$1,741.67.

SMI was a party to a commercial real estate lease with Barong and SiSu to operate the Alpenrose Too, which is a German styled restaurant in Vail, Colorado ("Barong Lease"). Barong owns all of the units that comprise the Alpenrose, while SiSu owns the adjacent parking spaces ("Premises"). The only income source available to pay the Debt is from the Barong Lease. The Premises subject to the Barong Lease constitutes all of the real property owned by Barong and SiSu.

The Barong Lease requires SMI to pay all mortgage payments, plus all expenses, including but not limited to owner association dues, real estate taxes, and utilities.

The Barong Lease term ended on October 14, 2017. SMI did not vacate the Premises after the term ended. SMI has not paid any rent since September 2017. The Debtors filed an eviction proceeding against SMI in Eagle County District Court (“Eviction Proceeding”). The Havliks intervened and alleged that Sharon Mou does not have standing to unilaterally evict SMI without the Havliks’ permission. The Eagle County District Court issued an order requiring the parties (the Debtors, SMI, and the Havliks) to arbitrate the single issue regarding standing to evict.

SMI has not paid rent on a post-Petition Date Basis since September 2017. As a result, rent for October, November, and December 2017 still remain outstanding and due. Counsel for the Havliks do not dispute that SMI has continuously occupied the Premises since October 15, 2017 through today, and they do not dispute that SMI has not paid any rent. In addition, SMI has not paid over \$60,000 in owner association dues since January 1, 2017.

The exclusive period set forth under 11 U.S.C. § 1121 has expired. Pursuant to section 1121(c), “[a]ny party in interest, including the debtor, the trustee, a creditors’ committee, an equity security holders’ committee, a creditor, an equity security holder, or any indenture trustee, may file a plan...” SMPH is one of the jointly administered Debtors and it may file a competing Chapter 11 Plan.

Although his Plan is filed as a competing Plan to the Amended Plan and Disclosure Statement (which Disclosure Statement has been approved by this Court), it is a Joint Plan for each of the three Debtors. The Plan must be accepted by the requisite number of creditors in each case in order to be confirmed in each case. It is possible for the Plan to be confirmed in less than all of the cases. The Plan will only be effective in the cases in which it is confirmed.

This Plan provides for the reorganization of the Debtors under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the assets of Barong and SiSu will be liquidated by a Plan Administrator, and SMPH debts will be reorganized. SMPH shall restructure its debts and obligations and continue to operate in the ordinary course of business. A more complete history of the Debtors, their operations, an explanation of this Plan, and a description of the Debtors' financial conditions and future business activities herein.

#### **IV. DESCRIPTION OF ASSETS**

The values of the Debtors' assets, owned on the petition date, are set forth in the following chart:

##### **A. Real Property**

*Barong:*

<b><u>Asset</u></b>	<b><u>Estimated Value</u></b>
Real Property – 100 East Meadow Drive, Units 2, 3, 5, 6B, 6C, and 9	\$3,650,000

*SiSu:*

<b><u>Asset</u></b>	<b><u>Estimated Value</u></b>
Real Property (parking spaces) Units 784, 791, 792, 800 and 801	\$550,000

*SM Property Holdings, LLC a/k/a SMOU Property Holdings, LLC:*

<b><u>Asset</u></b>	<b><u>Estimated Value</u></b>
Real Property 100 West Beaver Creek Boulevard, Avon	\$550,000

##### **B. Personal Property**

*Barong and SiSu:*

**Estimated Value**

**Asset**

Accounts receivable from Tenant

\$125,083<sup>2</sup>*SMPH:***Asset**

n/a

**Estimated Value**

\$0

**The asset values set forth above represent a gross value estimate for each asset, not a value net of liens.** The values for all assets represent the values as listed in the Debtors' Schedules or generally as determined by the Debtors based on their knowledge of the assets and the market, as well as based on relevant appraisals.

**Avoidance Actions**

Pursuant to the SMPH Plan the Plan Administrator retains and reserves the right to bring avoidance actions pursuant to 11 U.S.C. §§ 545 through 550 and state and bankruptcy law fraudulent conveyance actions. At present, the Debtors do not believe there were any preference payments made to creditors within the 90 days prior to the Petition Date or any fraudulent conveyance actions that exist.

**V. DESCRIPTION OF LIABILITIES****A. Priority Claims****1. Priority Claims**

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority in payment under § 507(a) of the Code, excluding any Administrative Claim or Tax Claim. The Debtors have no employees.

## 2. Administrative Claims

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in § 503(b) or § 1114(e)(2) of the Code and entitled to priority pursuant to § 507(a)(2) of the Code, including, but not limited to: (a) the actual, necessary costs and expenses, incurred after the Petition Date, of preserving the estate and operating the business of the Debtors, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all bankruptcy fees and charges assessed against the Estates under 28 U.S.C. § 1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims. The Administrative Claims include the Professional Fees incurred during the case which remain unpaid, including fees and cost for all professionals retained during the case. Additional information on specific fees and costs are set forth below.

Other than the administrative expenses for certain professionals, the Debtors intend to pay their administrative expenses in the ordinary course of business during the course of the bankruptcy case once a cash collateral agreement is approved, and therefore does not believe there will be any significant material administrative claims asserted against the estate.

## 3. Tax Claims

Tax Claims are any Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. § 507(a)(8).

*Barong*: The IRS filed a proof of claim in the amount of \$15,990.

*SiSu*: The IRS filed a proof of claim in the amount of \$15,990.

*SMPH*: There are no known tax liabilities for SMPH.

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<sup>2</sup> The Tenant has paid \$111,000 of this estimated receivable post-Petition Date. The amount due is estimated and is currently being reviewed by Barong and SiSu and subject to change.

The Accountant for the Barong and SiSu intends to work with the IRS to reduce the penalties that comprise the IRS claims in those cases.

**B. Secured Claims**

1. **Class 1, 5, and 9, Montegra Capital Resources, Lt. (“Montegra”).** Montegra holds secured Claims against each of the Debtors secured by all of their respective real properties. The Montegra Allowed Secured Claim is based on a Promissory Note dated October 5, 2013 in the original principal amount of \$2,090,000 (“Montegra Loan”). The term of the Montegra Loan expired on October 15, 2015, but was renewed on that date with an extension of the term through October 15, 2016. The Montegra Loan is secured by the real property held by Barong, SiSu, and SMPH. Montegra filed its Deed of Trust on October 16, 2013 in the real property records of Eagle County at Reception No. 201320971. Montegra filed a UCC Financing Statement in the real property records of Eagle County at Reception No. 201320973. Montegra also filed its UCC Financing Statement with the Colorado Secretary of State on October 16, 2013 at Reception No. 20132090482.

2. **Class 2 and 6, Vail Village Plaza Condominium Association (“VVP”).** VVP holds Allowed Secured Claims against Barong and SiSu encumbering their respective real properties for condominium association dues, penalties, fees, and interest. The Class 2 and 6 claims are secured by the Barong and SiSu Properties pursuant to the Colorado Common Interest Ownership Act and accrues interest pursuant to statute.

VVP filed an amended proof of claim against the Barong estate in the amount of \$30,330.

VVP filed an amended proof of claim against the SiSu estate in the amount of \$1,510.60.

**C. Non-Priority Unsecured Creditors**

The Debtors have a small number of unsecured pre-petition creditors which comprise Classes 3, 7, and 10. The lists below include the amount of the Claims as listed on each of the Debtor's Schedules, and the amount asserted by the creditor in its Proof of Claim, if filed. To the extent the amount filed by the creditor is different than the amount listed on the Debtors' Schedules, the amount of the Claim as filed by the creditor is considered in the analysis.

The total amount of the unsecured Claims currently asserted against each of the Debtors' estates are estimated as follows:

**Class 3: Barong General Unsecured Creditors**

<u>Creditor:</u>	<u>Amount:</u>	<u>Proof of claim:</u>
J.S. Lengel & Associates	\$2,750	n/a
Porterfield & Associates, LLC	\$5,324.79	No. 1

**Class 7: SiSu General Unsecured Creditors**

<u>Creditor:</u>	<u>Amount:</u>	<u>Proof of claim:</u>
J.S. Lengel & Associates	\$2,750	n/a
Porterfield & Associates, LLC	\$5,324.79 <sup>3</sup>	n/a

**Class 10: SMPH General Unsecured Creditors**

<u>Creditor:</u>	<u>Amount:</u>	<u>Proof of claim:</u>
J.S. Lengel & Associates	\$2,250	n/a

These amounts do not include any anticipated deficiency amount on any undersecured claims, as the total Net Proceeds from the sale of the Barong and SiSu Real Properties are estimated to be greater than the total secured claims. However, if the Net Proceeds are not sufficient to pay the



secured claims in full, then pursuant to 11 U.S.C. §506, the unpaid portion of those claims shall be treated as unsecured. The Debtors also anticipate that the unsecured creditor classes 3, 7, and 10 will be paid in full.

The total amount of unsecured debt which the Debtors believe will exist after the Barong and SiSu Real Properties are sold and any potential claim objections and appeals completed is approximately **\$13,074.79**. The amount of the unsecured Claims asserted against each of the Debtors' estates may increase or decrease depending on the amount owed on any deficiency Claims associated with secured lenders and on the results of any Claim objections. Classes 3, 7, and 10 are being treated as detailed in the Plan Description section of this Disclosure Statement and as set forth in the Plan.

#### **D. Leases**

Barong and SiSu are parties to a Commercial Lease ("Barong Lease") of all of their Real Property with Sharon Mou, Inc. ("SMI"). SMI is owned by Bonnie and Dennis Havlik. The SMI Lease was delinquent at the Petition Date in the amount of approximately \$125,000. SMI paid approximately \$111,000 post-Petition Date in July 2017. The SMI lease obligations have been paid in part and were paid late on a post-Petition Date basis, and will be rejected under the Plan. The SMI Lease term ended in October 2017, therefore the lease was automatically terminated. Further, Barong and SiSu have hired special counsel to evict SMI if necessary. Once SMI is no longer a tenant, Barong and SiSu will continue leasing the premises with a new tenant operating a similar German style restaurant. The new tenant is anticipated to be owned by Sharon Mou, individually, as Ms. Mou has successfully operated the Alpenrose in previous years. There may be a one or two week period in which the restaurant may not be in operation, however, Barong and SiSu anticipate

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<sup>3</sup> These claims are duplicative of the claims asserted against Barong.

that the new tenant will be fully operational for the ski season. Attached as **Exhibit A**<sup>4</sup> are projections of anticipated post-confirmation operations. All financials are based upon a cash accounting system.

SMPH is a party to a Commercial Lease with 3 Dragons, LLC, which has been terminated due to nonpayment of the Lease.

A new lease has been entered into on January 22, 2018, as between SMPH, China Garden, Inc. A true and correct copy of the lease has been attached hereto as **Exhibit B**.

## **VI. DESCRIPTION OF THE PLAN**

### **A. General Description**

The Debtors initially filed their Joint Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on August 14, 2017. The Plan may continue to be amended prior to confirmation. The Plan provides for the reorganization of the Debtors under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtors shall restructure their debts and obligations, sell certain properties, and otherwise continue to operate in the ordinary course of business. Funding of the Plan will be derived from the sale of Barong and SiSu Properties.

The Plan provides for the specification and treatment of all creditors and interest holders of the Debtor. The Plan identifies whether each Class is impaired or unimpaired. A Class is unimpaired only if the Plan leaves unaltered the legal, equitable or contractual obligations between the Debtor and the unimpaired claimants or interest holders. The following is a brief summary of the Plan. The actual text of the Plan should be reviewed for more specific detail. In the event of any conflict between the Plan and this Disclosure Statement, the terms of the Plan govern.

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<sup>4</sup> Exhibits A, C, D, and E referenced herein are attached to the Amended Disclosure Statement filed by Debtors on October 30, 2017.

As provided in § 1123(a)(1) of the Code, the Administrative and Tax Claims against the Debtor are not designated as classes. The holders of such Allowed Claims are not entitled to vote on the Plan and such claims will be paid in full.

**B. Claims**

**1. Unclassified Priority Claims**

**a. Administrative Claims**

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Code, Administrative Claims, shall receive cash equal to the Allowed amount of such Claim or a lesser amount or different treatment as may be acceptable and agreed to by particular holders of such Claims. Such Claims shall be paid in full on the Effective Date of the Plan, or as otherwise agreed to by the particular holders of such Claims. Section 507(a)(2) Administrative Claims that are Allowed by the Court after the Effective Date of the Plan shall be paid upon Allowance.

The Debtors intend to pay their administrative expenses in the ordinary course during the bankruptcy case and therefore do not believe that any material administrative claim exists against the bankruptcy estate, except for the administrative claims of the Debtors' professionals as set forth below.

**Barong and SiSu Bankruptcy Counsel**

As of the Petition Date, Kutner Brinen, P.C. ("KB"), held a pre-petition retainer for payment of post-petition fees and costs for the Barong and SiSu debtors as follows:

*Barong: \$5,002*

*SiSu: \$5,002*

The retainer was paid by Sharon Mou and KB has been authorized to be paid 75% of monthly fees and 100% of costs on an ongoing basis subject to filing interim fee applications. As of July 31,

2017, KB's fees totaled approximately \$12,653 for Barong and \$9,255 for SiSu. This amount has not yet been paid, and KB has not yet applied the retainers.

**SMPH Bankruptcy Counsel**

SMPH hired CP2 in July 2017. KB initially, held a pre-petition retainer for payment of post-petition fees and costs on account of SMPH in the amount of \$5,002, which has been transferred to CPP. The retainer was paid by Sharon Mou. As of January 1, 2018, CP2's fees totaled approximately \$15,217.84. A fee application was filed on December 13, 2017 and granted on January 8, 2018, for \$17,223.75 in fees and \$127.01 for costs.

**Barong, SiSu, and SMPH Accountant**

All three Debtors retained the accounting firm of McGraw & McGraw, P.C. ("Accountant") to provide accounting services to the Debtor during this case. The amount due to Accountant as of July 31, 2017 is:

*Barong: \$1,700*

*SiSu: \$1,700*

Accountant has filed a fee application for approval and payment of the accrued fees.

Accountant will continue to prepare the financials for each of the Debtors post-confirmation, and such financials will be available for review by providing reasonable notice to counsel for the Debtors.

All Administrative Claims of professionals are subject to Court approval on notice to creditors with an opportunity for a hearing. Certain professional fees may be paid pursuant to interim fee applications and upon Court allowance. The fees set forth above are the total fees expected in the case as of the estimated Confirmation Date of the Plan, assuming minimal litigation over the Plan.

**b. Tax Claims**

The Allowed Claims of a type specified in Section 507(a)(8) of the Code, unsecured Tax Claims of governmental taxing authorities, shall be paid in full on the Effective Date of the Plan.

**c. United States Trustee Fees**

All payments due from the Debtor to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) shall be paid on the Effective Date, and the U.S. Trustee shall thereafter be paid fees due on a quarterly basis until the case is closed, converted, or dismissed. The Debtors will request entry of a final decree closing the case on or before the later of the date all Claim objections and any pending litigation is concluded or 180 days after the Effective Date of the Plan.

**2. Class 1, 5, and 9, Montegra Capital Resources, Ltd.**

The Class 1, 5, and 9 Allowed Secured Claims are impaired by the Plan, and shall continue to be secured by the Properties and the SMPH Property. The Class 1, 5, and 9 Allowed Secured Claims will be treated and paid as follows:

**a. Cash Collateral Agreement and Allowed Secured Claims:**

The Debtors, the Guarantors (“Guarantors” as defined in the Cash Collateral Agreement) and Montegra entered into a Cash Collateral Agreement dated August 18, 2017. On August 29, 2017, the Debtors filed a joint motion with the Court seeking an order approving the Cash Collateral Agreement. Notice of the joint motion was given to all creditors and interested parties. On September 12, 2017 (Docket No. 119), the Court entered its order approving the Cash Collateral Agreement. The Cash Collateral Agreement is attached to this SMPH Plan as **Exhibit C** and incorporated therein.

Pursuant to the Cash Collateral Agreement, the Debtors and the Guarantors acknowledged, represented and warranted that Montegra holds an Allowed Secured Claim in

each of the Debtors' Chapter 11 cases in the amount of \$2,630,680.03 as of May 17, 2017 which includes principal, default interest, fees, charges and other amounts allowed under the loan documents ("Loan Documents") executed by the Debtors, the Guarantors, and Montegra. The Loan Documents are described in the 546(b) Notices filed by Montegra with the Court and attached as Exhibit A to the Cash Collateral Agreement. On August 31, 2017, Montegra filed a proof of claim in each of the Debtor's Chapter 11 cases asserting an Allowed Secured Claim as of May 17, 2017 in the amount of \$2,630,680.03.

Consistent with the terms of the Cash Collateral Agreement, Montegra shall hold an Allowed Secured Claim in each of the Debtors' Chapter 11 cases in the amount of \$2,630,680.03 as of May 17, 2017, less any payments made to Montegra post-Petition Date and prior to Plan confirmation. Commencing on and after the Filing Date and ending on the Effective Date of the Plan, the Montegra Allowed Secured Claims shall (i) continue to accrue interest at the default rate, and (ii) shall include all reasonable fees, charges, costs and other amounts incurred during this period as allowed under the Loan Documents.

The Cash Collateral Agreement shall terminate on the Effective Date, provided however that pursuant to Paragraph 38 of the Cash Collateral Agreement, all representations, warranties and acknowledgements made therein by the Debtors, the Guarantors and Montegra shall survive such termination. The Debtors, the Guarantors and Montegra are deemed to have ratified and reaffirmed all representations, warranties and acknowledgements made in the Cash Collateral Agreement.

b. Sale of the Properties or refinance of the Montegra Claim and Payment of Montegra's Allowed Secured Claims:

Montegra holds a first lien against the Properties securing the Class 1, 5 and 9

Allowed Secured Claims. The Net Proceeds from the sale of the Properties first shall be used to pay in full the Allowed Secured Claims held by Montegra. The Properties shall be sold by the Plan Administrator no later than noon prevailing mountain time on June 30, 2018, or at a later date if agreed in writing by Montegra.

c. Monthly Payments:

Commencing on the first day of the first full month following the month in which the Effective Date shall fall, the Debtors shall commence making monthly payments to Montegra via wire transfer in the amount of \$2,500.00 with the last monthly payment due on June 1, 2018.

d. Releases:

1. As of the Effective Date of the Plan, with the exception of obligations under the Plan:

- (i) The Debtors and the Guarantors shall be deemed to have released any claims of any kind or nature they may hold against Montegra as of that date, whether known or unknown; and
- (ii) Montegra shall be deemed to have released any claims of any kind or nature it may hold against the Debtors or the Guarantors as of that date whether known or unknown, except as provided in the Plan and Loan Documents.

2. Post-Effective Date Releases

- (i) Upon the earlier of the following to occur (a) the date of a sale of the Properties pursuant to the Plan wherein Montegra is paid in full, or (b) the date that Montegra is issued a Confirmation Deed or Deeds by the Public Trustee for the County of Eagle, State of Colorado, regarding the foreclosure of the Properties and the SMPH Property, Montegra automatically shall be deemed to have released

all claims of any kind against the Debtors and the Gurantors, whether known or unknown. In the event of a sale of the Properties which pays in full the Allowed Secured Claims held by Montegra, Montegra agrees to release any lien, deed of trust, attachment or any other interest it has or could assert against the Properties and the SMPH Property, or any interest against any personal property related to the properties or the SMPH Property.

- (ii) Upon the earlier of the following to occur (a) the date of a sale of the Properties pursuant to the Plan wherein Montegra is paid in full, or (b) the date that Montegra is issued a Confirmation Deed or Deeds by the Public Trustee for the County of Eagle, State of Colorado, regarding the foreclosure of the Properties and the SMPH Property, the Debtors and the Guarantors automatically shall be deemed to have released all claims of any kind against Montegra, whether known or unknown.

To effectuate the foregoing releases, the Debtors and the Guarantors shall execute written releases in a form mutually acceptable to Montegra, the Debtors, and the Guarantors

e. Post-Effective Date Interest

As of the Effective Date of the Plan, the Class 1, 5, and 9 Allowed Secured Claims shall accrue interest at the contract, non-default rate of interest as set forth in the applicable Loan Documents, provided however that effective at noon prevailing mountain time on June 30, 2018, the Class 1, 5, and 9 Allowed Secured Claims shall accrue interest at the contract default rate of interest as set forth in the applicable Loan Documents, or at a later date if agreed in writing by Montegra.

f. Loan Documents

Except as specifically provided in this SMPH Plan, the terms of the Loan Documents executed by the Debtors and the Guarantors shall remain unaltered and in full force and



effect; and the Debtors represent and warrant that except as modified by the Plan, the Debtors shall in all ways comply with the terms of the Loan Documents as modified by the Plan.

**3. Class 2 and 6, Vail Village Plaza Condominium Association**

The Class 2 and 6 claims are impaired by the Plan. These claims shall continue to be secured by the Barong Property and SiSu Property as appropriate, and paid in the amounts of \$30,330 for Class 2 and \$1,510.60 for Class 6, or such lesser amount as otherwise agreed by the Debtor and the Class 2 and 6 claimants, upon the sale or refinance of the Properties in the order of priority as determined by applicable law. The Properties shall be sold or refinanced no later than June 30, 2018, or at a later date if agreed by the Class 2 and 6 claimants.

**4. Class 3, 7, and 10, Unsecured Claims**

Classes 3, 7, and 10 consists of those unsecured creditors of the Debtors who hold Allowed Unsecured Claims. Classes 3, 7, and 10 claimants shall receive distributions of the principal amount of their claims from the Net Proceeds which remain from sale or refinance of the Properties after Classes 1, 2, 5, 6, and 9 and priority claims are paid in full. Distributions shall be made pro rata until the Classes 3, 7, and 10 claims are paid in full. If the Net Proceeds are sufficient to pay Classes 3, 7, and 10 in full, these claims shall accrue interest at the rate of 3% per annum beginning on the Effective Date of the Plan.

**5. Class 4, 8, and 11, Interests**

Class 4, 8, and 11 consist of the interests held by the members of each of their respective estates. Classes 4, 8, and 11 are unimpaired by this Plan. On the Effective Date of the Plan all membership interests in the Debtors held by Classes 4, 8, and 11 shall be retained by the existing members.

**VII. PLAN FEASIBILITY**

The Debtors believe that the Plan, as proposed, is feasible. The anticipated value of the Barong and SiSu Properties (defined in the Plan as “Properties”) are estimated to sell for approximately \$4,000,000, which is more than sufficient to pay all closing costs, realtors fees, priority creditors, secured creditors, and unsecured creditors in full.<sup>5</sup> The Debtors have hired a realtor with extensive knowledge of the Vail community, investors, and market to sell the Properties for maximum value. The location and history of the Properties attract a wide variety of investors who are looking to own real commercial real property in the exclusive Vail area. The Properties are both located in Vail Village. Located along Gore Creek at the base of the Vail Ski Resort, Vail is the hub of the Eagle River Valley. It is a combination of lodging, retail, commercial and residential development centered on the recreation industry with access from Interstate 70. The Barong Property is located along Grouse Creek Drive in the west/central portion of the Vail “village” area. The village is composed of high-end residential condominiums and retail, lodging and commercial operations.

The Barong Property consists of six legally separate condominium units configured to comprise three separate, non-contiguous areas. One area is finished into a self-contained restaurant with a kitchen/food preparation area, a bar and both interior and exterior seating areas; one area is unfinished storage; and the last area is finished and currently used as a bakery preparation and pastry cooking area. The restaurant area has an estimated 1,750 square feet, the storage area approximately 1,200 square feet and the bakery has an estimated 896 square feet. Thus, the Barong Property has a total estimated area of 3,846 square feet. The Barong Property currently houses a German-style restaurant and bakery.

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<sup>5</sup> The Properties were appraised in a report dated March 17, 2017 with a total value of \$3,550,000 to \$4,200,000.

The SiSu Property consists of five legally separate garage condominium units located in an underground, covered security gated parking area. Covered parking spaces in this area of Vail are rarely up for sale. The SiSu Property is currently used in conjunction with the operations at the Barong Property. Both the Barong and SiSu Properties are being marketed together.

The SiSu parking garage spaces are walking distance away from the Barong Property at 68 E Meadow Drive. The parking garage spaces are legally described as Units 784, 791, 792, 800 and 801 and are also within Vail Village. Having parking within Vail Village is an attribute not commonly available in this market.

The Debtors believe the Properties will sell at approximately \$4,000,000 because Vail is one of the top family-oriented ski destinations in North America with a very loyal, affluent and year-round following. Nestled up to the base of the ski mountain, the village experience is at once timeless and vibrant. The highly regarded fine dining scene is matched by stellar shopping experiences. Family and group friendly options abound with ice skating rinks, a high-end movie theater, ritzy bowling, premier shopping and event concert venues are all within a few minutes' walk of the Barong Property.

Further, the Properties are restaurant ready. The Barong Property has one area that is a self-contained restaurant with a kitchen/food preparation area, a bar and both interior and exterior seating areas; one area is unfinished storage; and the last area is finished and currently used as a bakery preparation and pastry cooking area. At 3,846 square feet including the pastry area, plus two outside seating areas, this property has the ideal layout for a restaurant/bakery at this premier location.

In an effort to maintain the highest market value for the Properties, Sharon Mou will operate the restaurant and bakery after Sharon Mou, Inc. vacates the premises. Ms. Mou originally managed the restaurant and bakery with Bonnie Havlik, and had significant experience with the ownership and

operation of restaurants in the Vail/Avon/Beaver Creek area. This will allow any prospective buyer/lender of the Properties to analyze in detail the financial operations of the restaurant/bakery in connection with ongoing value.

The alternative to a sale of the Properties is to refinance the debt to Montegra. The Debtors have been in touch with several lenders regarding terms of a refinance, and will continue to discuss potential refinancing if the Debtors are not able to sell by June 30, 2018.

Assuming the Properties are sold or refinanced by June 30, 2018, projections regarding payment to creditors under the Plan are attached hereto as **Exhibit D**.

#### **Management of Debtors post-confirmation**

Barong and SiSu have been managed by Sharon Mou during the pendency of the captioned Bankruptcy cases. Ms. Mou has received \$0 compensation for her services. The Plan Administrator will manage Barong and SiSu on a post-confirmation basis so as to effectively liquidate the Properties. The Plan Administrator's compensation will be established per Motion and Order of the Court. Any compensation to the Plan Administrator or Plan Administrator Professionals is subject to Court approval both pre and post Effective Date. The Plan Administrator may retain other professionals after the Effective Date to assist him in his duties under this Plan and their compensation shall be subject to Court approval.

SMPH has been managed by Sharon Mou during the pendency of the captioned Bankruptcy cases. Ms. Mou has received \$0 compensation for her services. Ms. Mou will continue to manage SMPH on a post-confirmation basis, and will receive a monthly flat fee for her services in the amount of \$250.

#### **Default Remedies**

As provided in detail in paragraph 8.11 of the Plan, creditors may exercise their rights and

remedies in accordance with applicable law if the Debtors are not able to cure any default under the Plan.

### **VIII. POST PETITION OPERATIONS**

a. Barong, LLC/SiSu Too, LLC:

Barong and SiSu have continued to operate as landlords of their respective premises. Sharon Mou, Inc. continued to occupy the Properties in connection with the operation of the Alpenrose restaurant. In July, 2017, Sharon Mou, Inc. paid \$111,000 to Barong and SiSu on account of past due pre-Petition Date. Barong and SiSu, along with SMPH, entered into a cash collateral agreement with Montegra to allow for the continued use of rent for operations. The cash collateral agreement required a payment to Montegra of 28% of the \$111,000 received, and a total monthly payment of \$2,500 for all three Debtors. The tenant, Sharon Mou, Inc. generally paid post-Petition Date rent to Barong and SiSu, however the tenant has not paid any owners association dues that accrued post-Petition Date, which are the tenant's obligation under the lease. A copy of post-Petition Date financials for Barong and SiSu is attached to this Disclosure Statement as Exhibit A.

b. SMPH:

SMPH has continued to operate as a landlord of restaurant property in Avon, Colorado. A new lease has been entered into on January 22, 2018, as between SMPH and China Garden, Inc. *See* Exhibit B. SMPH was a party to the cash collateral agreement with Montegra. A copy of post-Petition Date financials for SMPH is attached to this Disclosure Statement as Exhibit A.

### **IX. TAX CONSEQUENCE**

The Debtors are not providing tax advice to creditors or interest holders. **U.S. Treasury Regulations require you to be informed that, to the extent this section includes any tax advice,**

**it is not intended or written by the Debtor or its counsel to be used, and cannot be used, for the purpose of avoiding federal tax penalties.** Each party affected by the Plan should consult its own tax advisor for information as to the tax consequences of Plan confirmation. Generally, unsecured creditors should have no tax impact as a result of Plan confirmation. The recovery of each creditor is payment on account of a debt and generally not taxable, unless the creditor wrote off the debt against income in a prior year in which case income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation.

## **X. RISK TO CREDITORS**

This Disclosure Statement contains statements that look into the future. There is no way to determine the accuracy of these statements. The Debtors used their best efforts based upon all the information available to the Debtors in making these statements. The Debtors attempted to be conservative in its analysis. However, the Debtors believe that the Plan as proposed offers the best option for creditors. As explained below in greater detail, the principal alternative to the Debtors' reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. As indicated in the Debtor's liquidation analysis provided below, liquidation of the Debtors will result in the secured creditors foreclosing on their collateral, leaving no assets available to distribute to unsecured creditors.

## **XI. LIQUIDATION ANALYSIS UNDER CHAPTER 7**

The principal alternative to the Debtors' reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 requires the liquidation of the Debtors' assets by a Trustee who is appointed by the United States Trustee's office. In a Chapter 7 case, the Chapter 7 Trustee would take over control of the assets and be the principal party involved in reviewing claims. Any remaining non-exempt assets would be liquidated and the proceeds

distributed to creditors in the order of their priorities. Funds would first be used to pay priority claims of the Chapter 11 case and the Chapter 7 case. Section 326 of the Bankruptcy Code defines the limitations of compensation of the Chapter 7 Trustee. Following the payment of the Chapter 7 costs and expenses of administration, the Chapter 7 Trustee would pay the Chapter 11 costs and expenses of administration, and then other priority claims existing in the Chapter 11 bankruptcy case.

The Plan currently relies upon selling or refinancing the Properties by June 2018, and the sale or refinance is reliant upon the Properties continuing to operate with an income producing restaurant. If confirmed, Sharon Mou intends to operate the restaurant and bakery in order to demonstrate the positive cash flow for the Properties, however, if the case is converted to Chapter 7, it is unlikely that Ms. Mou will agree to operate the restaurant/bakery, which significantly reduces the value. As a result, it is doubtful that a Chapter 7 trustee could realize as much from the Debtors' assets as the Debtors. See Liquidation Analysis attached hereto as **Exhibit E**. Given the uncertainty that a Chapter 7 conversion would bring and the fire sale liquidation that would likely follow, and the relatively small amount of unsecured creditors in this case, the Debtors' Plan presents a far better alternative for creditors. It is urged that all creditors vote to accept the Debtors' Plan.

DATED: January 26, 2018

CP2 has acted as legal counsel to Barong and SiSu on bankruptcy matters during the Chapter 11 cases. This Disclosure Statement was prepared with information provided primarily by the debtors. The information contained herein has been approved by Barong and SiSu. KBG has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Coan, Payton, & Payne, LLC ("CPP") has acted as legal counsel to SMPH on bankruptcy matters during the Chapter 11 case. CPP has prepared this Disclosure Statement with information provided primarily by SMPH. The information contained herein has been approved by SMPH. CPP has not made any separate independent investigation as to the veracity or accuracy of the statements contained herein.

Counsel to the Debtor and Debtor- In-Possession, SMPH:

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