

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	
CONIFER VETERINARY HOSPITAL, INC.,)	Case No. 17-17810-MER
Debtor.)	Chapter 11
_____)	
)	
DAVID LORNE PALMINI,)	Case No. 17-17815 MER
Debtor.)	Chapter 11
)	
)	JOINTLY ADMINISTERED
)	Case No. 17-17810 MER
)	

**DISCLOSURE STATEMENT IN SUPPORT OF SECOND AMENDED JOINT
CHAPTER 11 PLAN OF REORGANIZATION DATED AUGUST 31, 2018**

Conifer Veterinary Hospital, Inc. (“Hospital”), and David Lorne Palmini (“Dr. Palmini”), through their undersigned counsel, respectfully submit this Disclosure Statement in Support of their Second Amended Joint Plan of Reorganization dated August 31, 2018.

I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the Chapter 11 case of the Hospital and Dr. Palmini (collectively the “Debtors”). This Disclosure Statement contains information about the Debtor and describes the Debtors’ Second Amended Chapter 11 Plan of Reorganization dated August 31, 2018 (the “Plan”). 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.***

This Plan provides for seven (7) classes of secured claims; four (4) class of unsecured priority claims; and four (4) class of unsecured claims. Non-insider unsecured creditors holding allowed claims will receive pro-rata distributions over a period of five (5) years. Class 13 unsecured creditors, which are unsecured creditors against the Hospital and/or Dr. Palmini’s personal guarantees of debts of the Hospital, shall receive 100% of their Allowed Claims. The Debtors estimate that Class14 Creditors, who are general unsecured creditors as to Dr. Palmini only (which includes Dr. Palmini’s student loans) will receive 100% of their Allowed Claims. The Debtors estimate that Class 15 insider creditors (who are relatives of Dr. Palmini) will receive 100% of their Allowed Claims over seven (7) years. This Plan also provides for payment of administrative and priority claims.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtors 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 Debtors believe 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

When the Court approves this Disclosure Statement, the Debtors will send this Disclosure Statement along with a copy of the of the Plan and a ballot to be used for voting by each creditor. 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 which are deemed impaired may vote on the Plan.

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 Debtors' Plan, pursuant to 11 U.S.C. §1125. Under certain circumstances, the Court can approve the Plan notwithstanding certain Classes rejecting Debtors' 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. The Court will set a separate hearing and deadline to objection to the merits of the Plan. The Debtors will mail out notice of such hearing and deadline when this Disclosure Statement is approved.

3. *Deemed Acceptance of the Plan.*

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

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).

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. *Ballot for Voting on Plan*

The Debtors will forward a ballot to each creditor who filed a Proof of Claim with the Bankruptcy Court, prior to the March 15, 2018, 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.*

A Creditor's Ballot must be received by Kenneth J. Buechler, Esq., counsel for the Hospital, no later than the deadline set by the Bankruptcy Court, 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 Debtors, counsel for the Debtors, the United States Trustee's office, and all parties who have entered an appearance in this bankruptcy case by the Deadline set by the Bankruptcy Court.

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 Debtors. 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 the Deadline established by the Bankruptcy Court under separate order.

II. BACKGROUND

A. Description and History of the Debtor

1. Dr. Palmini

Dr. Palmini is a graduate of Luther College in 1996. He then attended the University of Wisconsin-Madison for veterinary school and graduated in 2000. Dr. Palmini also holds a certificate from Colorado State University in veterinary acupuncture. He is also a graduate of the University of Pennsylvania PennHIP radiology program. He is currently completing foundation courses in herbal medicine from The College of Integrative Veterinary Therapies.

Dr. Palmini is the father of five children. In his spare time, he volunteers as a veterinary on The Iditarod dog sled race in Alaska. Dr. Palmini has devoted many years to this service work. Dr. Palmini is featured on Denver metropolitan news television as a result. This has allowed his practice to generate significant goodwill and inexpensive marketing.

A proud member of the intermountain community west of Denver, Dr. Palmini has been a Cub Scout Leader, Rotarian, and served three years on the board of the Intermountain Humane Society where he provided over three hundred hours of pro bono care to shelter animals.

2. *The Hospital*

Dr. Palmini started his career in veterinary medicine at the Stevens Point Animal Hospital in Stevens Point, Wisconsin in 2000. In April of 2001, he moved to Colorado and began working for the Douglas County Animal Hospital in Castle Rock, Colorado.

In 2003, he started working for Conifer Veterinary Hospital, now known as the Sano Hospital for Animals (“Hospital”). He purchased the Hospital from the prior owner. In 2017, he renamed the Hospital as its patient base was growing and diversifying.

At the time he purchased the Hospital, he was married to Kelly Falck. Ms. Falck also worked at the Hospital. They co-owned the Hospital during their marriage. Dr. Palmini and Ms. Falck obtained loans from Ms. Falck’s assets as well as James Falk, Ms. Falck’s father. Such loans totaled \$575,000. In 2006, they purchased another veterinary clinic, the Baily Pet Clinic, with a loan from Mr. Falck in the amount of \$210,000. However, they soon learned that the Bailey Pet Clinic was not a profitable or sustainable location. As a result, they consolidated the operations into the Hospital’s single location.

After his divorce (see below), Dr. Palmini ran the Hospital as the only doctor. However, it quickly became apparent that the Hospital needed to hire another veterinarian to cover the clinic while Dr. Palmini was seeing his children. After 18 months, Dr. Palmini laid off his associate veterinarian when the Hospital could no longer afford the salary. The Hospital was then forced to rely on relief veterinarians to cover Dr. Palmini’s absences.

Over the next two years, Dr. Palmini successfully paid down the \$70,000 in accounts payable. However, he was forced to sell the marital home (which he purchased out of the divorce), and use the proceeds to pay off the \$40,000 in clinic credit card debt generated by Ms. Palmini-Falck.

For over 18 months, Dr. Palmini did not have a permanent residence. He slept on a cot at the Hospital, in the back of his car, or at friends homes. During this time, Dr. Palmini over-relied on a practice manager and bookkeeping service to manage the Hospital’s payroll. Unbeknownst to him, the clinic payroll taxes were not being paid for an extended period. Dr. Palmini learned of this when the IRS made an onsite visit. Dr. Palmini immediately relieved the practice manager and retained Amcheck (a professional payroll service) to insure no further breaks in compliance.

Unfortunately, the Hospital struggled to payoff its tax debts after this period. Dr. Palmini was working continuously at the Hospital in an effort to pay down debt. The demands of the Hospital frequently clashed with his family obligations and parenting time. As a result, Dr. Palmini undertook extensive efforts to make the Hospital run more efficiently, with less staff, so that the Hospital could maximize its revenues.

In 2017, the Hospital had grown enough that Dr. Palmini sought to rehire a second veterinarian. He began by first opening the clinic from five to seven days per week. This resulted

in the ability to see many more patients and increased revenues. Dr. Palmini then brought on a second veterinarian to cover the expanded hours. Dr. Palmini was working seven days a week for close to two months before a second veterinarian was hired.

Fortunately, the second veterinarian has allowed the Hospital's revenues to grow. It has also allowed Dr. Palmini to remain current on his domestic support obligations. He did fall behind on his payments to Ms. Falck and James Falck for the loans to purchase the Hospital. On the Petition Date however, Ms. Falck and Mr. Falck were unsecured creditors.

3. Divorce

Dr. Palmini and Ms. Palmini-Falck divorced in April of 2011. Dr. Palmini was not represented by an attorney. At the time, Ms. Falck and her father threatened to sue Dr. Palmini and the Hospital over the sums owed. Moreover, Dr. Palmini asserts that Ms. Palmini-Falck withheld their children from Dr. Palmini. Consequently, Dr. Palmini agreed to many concessions in the divorce to maximize his future contact with his children.

In their divorce, Dr. Palmini was required to take ownership of the clinic including \$40,000 in clinic credit card debt and \$70,000 in clinic accounts payable that arose during Ms. Palmini-Falck's management of the clinic. He was also left with \$30,000 in personal credit card debt.

Dr. Palmini was saddled with a \$6,000 per month payment for child support and maintenance. This was in addition to \$1,400 for health insurance for Ms. Palmini-Falck and their children. Dr. Palmini was also forced to pay \$5,600 per month to Ms. Palmini-Falck and Mr. Falck for the loans to the Hospital.

Three weeks after their divorce was finalized, Ms. Palmini-Falck withdrew their children from school without notifying Dr. Palmini. This was three weeks before the end of the school year. She then moved to Wisconsin with their children. This had a devastating effect on him as a father.

To exercise his parenting time, Dr. Palmini leased a minivan that he kept in Wisconsin. He was then forced to fly to Wisconsin every other weekend to see his children. He also had to pay to drive or fly all five children out to Colorado for his four weeks of parenting time, which was broken up into two, 14 days intervals.

The additional travel expenses just to be a father took their toll on Dr. Palmini and the Hospital. The Hospital is Dr. Palmini's only source of income. Absent his employment with the Hospital, Dr. Palmini would be without any means to make his domestic support obligations to his children and Ms. Palmini-Falck.

B. Projected Recovery of Avoidable Transfers

The Debtors are reviewing payments made prior to the Petition Date to determine if any of payments are avoidable either as preferences or as fraudulent transfers. The Debtors do 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 Debtors may seek to avoid such transfer. All recoveries of avoidable transfers, net of expenses and attorneys fees, shall be contributed to the Hospital Creditor Fund or the Palmini Creditor Fund, as the case may be, as more fully defined below.

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 Debtors reserve 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.

The Debtors have has filed objections to the claims of Ms. Falck and Mr. James and Ms. Linda Falck. Such creditors have filed oppositions to the Debtors' objections.

D. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed on the Debtors' Schedules of Assets filed with the Bankruptcy Court.

1. *Pre-petition Condition of Hospital.*

Prior to filing for relief, Dr. Palmini undertook an effort to substantially reduce the Hospital's operating costs. Dr. Palmini reorganized the work areas at the Hospital to be more efficient as well as installed additional equipment and holding areas for pets. Dr. Palmini also adjusted staffing levels to coincide with the daily and weekly patient care needs.

The Hospital also brought on an additional veterinarian to assist Dr. Palmini. While the additional vet caused an increase in expenses for his salary, the Hospital's revenues increased approximately 17 % over prior years. The vet brought many customers with him, as well as allowed the Hospital to see and attract more patients. As a result, the Hospital began to see a turn around in its cash flows.

2. *Post-petition Condition of Hospital and Projected Expansion.*

The Hospital intends to add a third veterinarian to likewise assist Dr. Palmini and increase revenues. The Hospital anticipates such addition in the third quarter of 2018. As a result, the Hospital's projections evidence a similar jump in revenues and expenses as when the prior vet was added. Moreover, the Hospital's net cash flow will be substantially increased.

E. Post-Petition Matters

Ms. Falck and Mr. James and Ms. Linda Falck have filed several motions post-petition, including a motion to appoint a Chapter 11 trustee in both bankruptcy cases, and a motion to dismiss or convert the Chapter 11 cases to Chapter 7. The Debtors filed oppositions to these motions. The motions and oppositions are set for an evidentiary hearing to commence September 19, 2018.

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>
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Unpaid Professional Fees of Buechler & Garber, LLC, as approved by the Court	\$20,000	Paid in full on the effective date of the Plan out of funds in the Debtor's Debtor-in-Possession bank account, post-confirmation 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. Counsel has agree to take payment on its fees over 1 year post-confirmation.
Unpaid Professional Fees of Roberson Law, as approved by the Court	\$10,000	Paid in full on the effective date of the Plan out of funds in the Debtor's Debtor-in-Possession bank account, 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. Counsel has agree to take payment on its fees over 1 year post-confirmation.
Unpaid Professional Fees of Dennis & Company, P.C. as approved by the Court.	\$14,000	Paid in full on the effective date of the Plan out of funds in the Debtor's Debtor-in-Possession bank account, 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. The professional has agree to take payment on its fees over 1 year post-confirmation.
Clerk's Office Fees	None	Paid in full on the effective date of the Plan.
Office of the US Trustee Fees	None	Paid in full on the Effective Date.
Total	\$44,000.00	

2. *Priority Tax Claims*

Certain priority claims that are referred to in §§ 507(a)(8) 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. Below is a summary of the treatment of the priority unsecured claims against both Debtors.

<u>Class #</u>	<u>Description</u>	<u>Insider?</u>	<u>Impairment</u>	<u>Treatment</u>
9	<p>Priority Tax Claim of IRS against Hospital</p> <p>Priority of lien: 11 U.S.C. §507(a)(8)</p> <p>Principal Owed: \$0</p> <p>Total Claim: \$0</p>	No	No	The IRS filed an Amended Claim for \$0.00. The Claim will be paid in full on the Effective Date.
10	<p>Priority Tax Claim of Colorado Dept. of Revenue against Hospital</p> <p>Priority of lien: 11 U.S.C. §507(a)(8)</p> <p>Principal Owed: \$0</p>	No	Yes	The Hospital does not believe that it owes any taxes to the Colorado Department of Revenue as of the Petition Date. To the extent such claims are allowed, they shall bear interest at the statutory rate of 7% per annum. Such claims shall be paid in full within one (1) year of the Effective Date. Any general unsecured claim for penalties not related to actual pecuniary loss, shall be paid as provided for pursuant to Class 16 of the Plan, unless subordinated by separate order of the Court.
11	<p>Priority Tax Claim of IRS against Dr. Palmini</p> <p>Priority of lien: 11 U.S.C. §507(a)(8)</p> <p>Amount owed: \$72,025.65</p> <p>Total Claim: \$72,025.65</p> <p>Amount Subordinated: \$72,415.25</p>	No	Yes	The IRS filed a proof of claim in the amount of \$151,899.95, of which \$5,560.00 is a secured claim and an unsecured priority claim of \$144,440.90. The secured portion of the IRS' claim is treated as a Class 7 Claim. A portion of the unsecured claim relates to Dr. Palmini's liability for civil penalties and interest during 2013 and 2014 owed by the Hospital in the amount of \$72,415.25. Such amount is treated as a Class 3 Claim. The remaining portion of IRS's priority claim is for Dr. Palmini's

				<p>income taxes and interest for 2015, 2016, and 2017 in the amount of \$72,025.65. The IRS shall have an Allowed Unsecured Priority Claim against Dr. Palmini in the amount of \$72,025.65. Such claim shall bear interest at the rate of 6.0% per annum and shall be paid in full within five (5) years from the Petition Date in equal monthly installments commencing on the Effective Date of the Plan. To the extent the IRS has a secured claim for its Allowed Unsecured Priority Class 11 Claim, such claim shall be treated as secured for purposes of 11 U.S.C. §1129(a)(9)(D). The remainder of the Class 11 Claim for penalties (\$7,159.05) shall be subordinated to all other unsecured claims and shall be paid as provided for pursuant to Class 16 of the Plan, unless subordinated by separate order of the Court.</p>
12	<p>Priority Tax Claim of Colorado Department of Revenue against Dr. Palmini</p> <p>Priority of lien: 11 U.S.C. §507(a)(8)</p> <p>Principal Owed: \$11,682.00</p> <p>Total Claim: \$11,682.00</p> <p>Amount Subordinated: \$2,596.00</p>	No	Yes	<p>The Department filed a proof of claim against Dr. Palmini asserting tax claims (with interest) for 2015 and 2016, in the amount of \$11,682.00. The Department also asserted a claim for penalties for the same years in the amount of \$2,596.00. The Department shall have an Allowed Unsecured Priority Claim against Dr. Palmini in the amount of \$11,682.00. Such claim shall bear interest at the rate of 7.0% per annum and shall be paid in full within five (5) years from the Petition Date in equal monthly installments commencing on the Effective Date of the Plan. The remainder of the Class 12 Claim shall be subordinated to all other unsecured claims and shall be paid as provided for pursuant to Class 16 of the Plan, unless</p>

				subordinated by separate order of the Court.
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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 Debtors' respective 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	Secured claim of: Bank of the West against Hospital Collateral Description: All Hospital Personal Property Allowed Secured Amount: \$20.00 Priority of lien: 2 nd	No	No	As of the Petition Date, the Hospital owed the Bank \$20,894.36. Post-petition, the Hospital completed all payments to the Bank under the terms of the Promissory Note. As a result, the Class 2 claim has been satisfied. Claimant shall release its lien on Hospital's assets upon Confirmation.
3	Secured Claim of IRS against Hospital Collateral Description: All Hospital personal property. Amount of Secured Claim: \$81,608.69 Amount Subordinated: \$54,683.27	No	Yes	IRS asserts a secured claim against the Hospital for taxes and interest for 2013 and 2014 payroll taxes, penalties and interest of \$136,291.96. The IRS properly perfected its claim pre-petition. IRS secured claim is subject to 11 U.S.C. § 1129(a)(9)(D). IRS shall have allowed secured claim of \$136,291.96. Such claim shall bear interest at the rate of 6.0% per annum and shall be paid in full within five (5) years from the Petition Date in equal monthly

<u>Class #</u>	<u>Description</u>	<u>Insider</u>	<u>Impairment</u>	<u>Treatment</u>
				installments commencing on the Effective Date of the Plan.
4	<p>US Bank Equipment Finance</p> <p>Collateral Description: Abaxis, specifically a VS2 Chemistry Analyzer and a HM5c Hematology Analyzer and related equipment</p> <p>Amount of Secured Claim: \$0.00</p>	No	No	As of the Petition date, Hospital owed US Bank \$3,312.76. Abaxis Equipment exceeds value of the Claim. Post-petition, the Hospital completed all payments to the Bank under the terms of the Lease Agreement. As a result, the Class 4 claim has been satisfied. Claimant shall release its lien on Hospital's assets upon Confirmation.
5	<p>Secured claim of: Wells Fargo against Hospital</p> <p>Collateral Description: All Hospital Personal Property</p> <p>Allowed Secured Amount: \$65,396.77</p> <p>Priority of lien: 1st</p>	No	No	Hospital owes Wells Fargo \$65,396.77. Claim secured by all assets of Hospital. Wells Fargo shall retain lien. Hospital to continue monthly payments of \$2,618.55 to Wells Fargo pursuant to the Master Loan and Security Agreement until paid in full.
6	<p>Secured Claim of Americredit Financial Services against Dr. Palmini</p> <p>Collateral: 2015 Chevrolet Silverado 1500 pickup</p> <p>Amount of Claim: \$37,608.00</p>	No	Yes	Dr. Palmini shall surrender Collateral to creditor. Creditor shall have a secured claim up to the value of the collateral. Any deficiency treated as Class 14 claim.
7	<p>Secured claim of IRS against Dr. Palmini</p> <p>Collateral: all real and personal property of Dr.</p>	No	Yes	The IRS shall have an allowed secured claim of \$5,560.00. Such claim shall bear interest at the rate of 6.0% per annum and shall be paid in full within five (5) years

<u>Class #</u>	<u>Description</u>	<u>Insider</u>	<u>Impairment</u>	<u>Treatment</u>
	Palmini Amount of Claim: \$5,560.00			from the Petition Date in equal monthly installments commencing on the Effective Date of the Plan.
8	Secured claim of Snap-on Credit against Dr. Palmini Collateral Description: tools used in business Amount of claim: \$8,751.00	No	No.	Dr. Palmini shall continue to make weekly payments of \$63.87 to Snap-On pursuant to Contract until paid in full. Creditor to retain lien on its collateral.

2. *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.

<u>Class #</u>	<u>Description</u>	<u>Impairment</u>	<u>Treatment</u>
13	Non-Insider General Unsecured Claims against Hospital, excluding subordinated claims	Impaired	As of the filing of this Plan, Class 13 creditors include Star2Star Communications, who filed a proof of claim for \$2,318.47 and Wells Fargo Bank, N.A., on a revolving credit card account of \$627.50. To the extent any holder of a Class 13 Claim also has a Class 14 Claim, such creditor shall only be paid as a Class 13 Creditor. Class 13 is impaired under the Plan. Class 13 creditors shall be paid in full within one (1) year from the Effective Date from the Hospital's Net Income.
14	Non-insider General Unsecured Claims against Dr. Palmini, excluding subordinated claims and student loans	Impaired	Dr. Palmini estimates total class of \$77,169.36. Class 14 creditors shall receive pro-rata distributions on an annual basis from the Palmini Creditor Fund within thirty (30) days of each anniversary of the Effective Date for a period of five (5) years. To the extent any holder of a Class 14 Claim also has a Class 13 Claim, such creditor shall only be paid as a Class 13 Creditor. Class 14 is impaired under the Plan.
15	All Insider Claims	Impaired	Class 15 shall be comprised of all creditors holding

Class #	Description	Impairment	Treatment
	against Both Debtors		Allowed Unsecured Claims against the Hospital and/or Dr. Palmini who are insiders of either Debtor, including, Dennis Palmini, Kelly Falck (general unsecured claim - not any priority claim for any Domestic Support Obligation), James Falck and James Falck IRA. Pursuant to 11 U.S.C. §510(c), such claim are subject to equitable subordination of all or a portion of their claims to those of the Class 13 and Class 14 creditors. Class 15 is impaired under the Plan. Allowed Class 15 creditors shall receive pro-rata distributions from the Hospital's Net Income on a monthly basis in the minimum amount of \$8,000 per month, no later than the 10 th of the following month, and shall continue each month thereafter for a period of seven (7) years or such longer period until such Allowed Claims are paid the full amount of their Allowed Claims.
16	All Subordinated Unsecured Claims against Both Debtors	Impaired	Pursuant to 11 U.S.C. §726(a)(4), no creditor holding a Class 16 claim would be entitled to payment until all other claims, including all other general unsecured claims, are paid in full. Class 16 shall receive nothing on account of their claims.
18	Dr. Palmini's Student Loans	Not Impaired	Suntrust Bank: \$78,414.90. On the Effective Date, Dr. Palmini shall commence making the regular non-default payments to all Class 18 creditors pursuant to the loan documents. Such payments shall continue each and every month. All debts under 11 U.S.C. §523(a)(8) shall survive any discharge granted to Dr. Palmini

3. *Equity Interests of Dr. Palmini in Hospital.*

Class 17 consists of the Hospital's equity interests which are held by Dr. Palmini. The Class 17 Equity Interests are Impaired. The treatment of the Class 17 claims are dependent upon whether the Plan is confirmed as a Consensual Plan with the acceptance of each class of creditors or by Cramdown in the event of a rejecting class.

- a. Consensual Plan: In the event that the Plan is confirmed as a Consensual Plan, with the acceptance of each class, the Class 17 claimants will retain their shareholder interests and therefore hold, collectively, 100% of the

outstanding shares of the Reorganized Hospital.

- b. Treatment under Cramdown Plan: The ownership interests of the Hospital's shares shall be canceled subject to the provisions of this Plan.
- (1) New stock certificates will be issued to the Hospital Creditors' Trust established pursuant to the terms of the within Plan and that certain "Hospital Creditors' Trust Agreement". The stock certificates issued by the Hospital to the Trust shall be held in trust pursuant to the terms of the Hospital Creditors' Trust Agreement.
 - (2) Upon confirmation of this Joint Plan and transfer of the newly issued shares of common voting stock to the Hospital Creditors' Trust, the Hospital Creditors' Trust shall transfer ten percent (10%) of all such shares to Dr. Palmini in consideration of his agreement to remain as an officer and director of the Hospital and to assist the Hospital with performance of this Joint Plan post-confirmation. On each anniversary of the Effective Date of the Joint Plan the Hospital Creditors' Trust shall transfer an additional 18 percent (18%) of the stock certificates then being held by the Hospital Creditors' Trust to Dr. Palmini. The Hospital Creditors' Trust will transfer such shares to Dr. Palmini as provided for herein as long as the Debtors are not in default under the terms of its Plan and/or pursuant to the provisions of the Hospital Creditors' Trust Agreement. In case of an uncured default, all shares issued to Dr. Palmini shall be returned to the Hospital Creditors Trust.
 - (3) Following confirmation of the Joint Plan and during the pendency of the Joint Plan, Dr. Palmini shall be entitled to vote all shareholder interests only to authorize ordinary course of business transactions of the Reorganized Hospital Debtor. Transactions outside the ordinary course of the Reorganized Hospital Debtor's business shall require approval by the Beneficiaries' Committee established pursuant to the terms of the within Plan to govern the Hospital Creditors' Trust as a established herein.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the Hospital and Dr. Palmini'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 Debtors shall establish two separate bank account for funds to be held by the Debtors to pay to unsecured creditors in the respective cases in order to insure performance of their obligations under the Plan. All funds held by the Reorganized Debtors 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. To the extent either Debtor recovers any funds from any avoidable pre- or post-petition transfers, the recoveries, net of expenses and attorneys fees shall also be contributed to the respective funds of each Debtor. The funds to be established are as follows:

- a. On the Effective Date of the Joint Plan, Dr. Palmini will open a separate interest bearing bank account (the “Palmini Creditor Fund”). During the term of the Plan, Dr. Palmini will receive a fixed salary of \$350,000 per year. Dr. Palmini shall not be entitled to any increases in his salary during the term of the Plan Dr. Palmini shall not be entitled to any distributions from the Hospital during the terms of the Plan other than his salary. Each month during the term of the Plan, Dr. Palmini will remit his Net Wages from the Hospital into the Palmini Creditor Fund.
- b. “Net Wages” means 80% of Dr. Palmini’s wages after the following deductions: (a) all normal monthly expenses of Dr. Palmini, including, rent, medical expenses, child support and maintenance, child visitation costs, student loans, car insurance, utilities, personal expenses, estimated tax payments, meals, groceries, and professional fees (estimated to be \$182,825 per annum); (b) normal payroll deductions for, among other things, income tax withholdings, health insurance, FICA, retirement contributions, etc. (estimated \$117,000 per annum); (c) payment to the IRS on account of its Priority Tax Claim (estimated \$1,850 per annum); (d) payment to Snap-On Credit for its secured claim (estimated \$3,321 per annum).
- c. Residual Funds. Dr. Palmini shall maintain a separate bank account which shall be used to pay the ordinary and necessary expenses of his household (the “Palmini Operating Account”). In the event Dr. Palmini has any remaining funds after payment of his normal household expenses and creditor payments, including the Palmini Creditor Fund, Dr. Palmini shall calculate such residual funds and deposit them into the Hospital’s Net Income for payment to Class 15 creditors. The Palmini Creditor Fund will be maintained and used for making payments to creditors in Class 14 until the Plan is completed.
- d. “Net Income” shall mean the Hospital’s net income calculated in accordance with Generally Accepted Accounting Principles (“GAAP”), plus depreciation, less payments to Allowed Classes of secured and priority

creditors. Net Income is generally understood as follows: *net revenue - cost of goods sold - administrative expenses - income taxes = net income*. In this case, the Hospital shall also subtract the expenses of its payments under the Joint Plan to its secured and priority claims before calculating its net income. Dr. Palmini shall not be entitled to any distributions from the Hospital during the terms of the Plan other than his salary.

3. *Payments to Unsecured Creditors.*

- a. On the first anniversary of the Effective Date, Dr. Palmini shall be making distributions to the Allowed Class 14 Creditors. Such amounts shall be mailed within thirty (30) days after the anniversary of the Effective Date and continue for five (5) years. Should the funds paid from the Palmini Creditor Fund equal the balance due to each Allowed Class 14 Creditor prior to the end of five years, Dr. Palmini's obligations to Allowed Class 14 Creditors shall be deemed satisfied.
- b. Allowed Class 15 creditors shall receive pro-rata distributions from the Hospital's Net Income on a monthly basis commencing the first month following the Effective Date in the minimum amount of \$8,000 per month, no later than the 10th of the following month, and shall continue each month thereafter for a period of seven (7) years or such longer period until such Allowed Claims are paid the full amount of their Allowed Claims.

4. *Retirement Accounts*

The Debtor is 44 years old and has no meaningful retirement savings. The Debtor shall be permitted to contribute up to 12.5% of his gross income each year to qualified retirement accounts.

5. *No Encumbrance or Transfer of Hospital and Assets During Plan*

The Debtors consent and agree that they shall not encumber any asset of the Hospital so long as the Class 15 Creditors' debts are outstanding, absent consent of the Class 15 Creditors. The Debtors consent and agree that they shall not sell the Hospital as a going concern without payment of the Class 15 Creditors in full.

E. Risk Factors

The proposed Plan has the following risks:

(i) *General Economic Risk*

The Hospital's income, and Dr. Palmini's employment, could be affected by the conditions of the economy. Should the country be hit by a recession, the demand for veterinary care could be

reduced, and the Debtors' income and, consequently, ability to make payments under the Plan could be affected.

The Hospital anticipates adding a third veterinarian in 2019. Based upon the increased revenue and expenses when the Hospital added second veterinary in 2017, the Hospital projects a growth rate of 9% per annum. Historically, the Hospital has grown at such a rate due to the work and reputation of Dr. Palmini. With additional staff, the Hospital can increase its revenues and generate additional profits to be used to repay creditors in this case. Moreover, an additional veterinarian will better assist the Debtor against its competitors.

(ii) Competition from Nearby Veterinary Hospitals

Within a 10 mile radius of the Hospital, there are approximately seven (7) similar facilities who compete with the Hospital for patients.

There are several practices including (in order of competition), Lone Rock Veterinary Hospital, Aspen Creek Veterinary Hospital, Aspen Park Veterinary Hospital, Mountain Parks Veterinary Hospital, Big Horn Veterinary Services, Family Veterinary Hospital, Evergreen Animal Hospital.

The size and location of these competitors factor into their strength of competition. Also, their rates vary widely among the clinics. The Hospital's rates are in the mid-range of its competitors.

Dr. Palmini and the Hospital are able to successfully compete against these clinics as a result of his work for the local humane society. He also attributes a portion of good will to his work on The Iditarod dog sled race every year. Many of his customers know of his good works and refer other patients to him.

(iii) Domestic Support Obligations

Under a pre-petition divorce decree and separation agreement, Dr. Palmini is obligated to make monthly child support payments to Ms. Falck, for the benefit of their two children, and monthly maintenance, in the total amount of \$6,000.

Should the Hospital's revenues be insufficient to sustain Dr. Palmini's salary and distributions, Dr. Palmini may not be able to make the required child support and alimony payments to Ms. Falck. Likewise, should the case convert to Chapter 7 or if the Creditors seek to liquidate the Hospital, Dr. Palmini will be left without any employment for an indefinite period. In such situation, he would be unable to make the required payments.

In the event Dr. Palmini is unable to make the required child support and alimony payments to Ms. Falck, she has threatened to hold Dr. Palmini in contempt of court. If Dr. Palmini is subject to a civil contempt finding, he may be required to pay fines and/or attorney's fees to Ms. Falck.

Under such circumstance, if the revenues of the Hospital are insufficient to provide Dr. Palmini funds to make such payments, he could be subject to further sanctions and/or criminal contempt. In that event, Ms. Falck is likely to seek to have Dr. Palmini incarcerated. If he goes to jail, Dr. Palmini will not be able to repay all creditors in the case.

F. Executory Contracts and Unexpired Leases

The Debtors will assume the following executory contracts and/or unexpired leases effective upon the effective date of the Plan:

- (i) A Shopping Center Lease between the Hospital and LSI Conifer I, LLC for the lease of certain non-residential real property known as Space E-104 and E-105 in the Conifer Center, 10903 US Highway 285, Conifer, Colorado (the “Premises”). Conifer Retail, LLC (“Landlord”) has succeeded to the interests of LSI Conifer I, LLC in the Shopping Center Lease.
- (ii) A residential lease with James Stansbury for real property known as 23141 Black Bear Trail, Conifer, Colorado 80433, to the extent still in effect on the Effective Date.

The Debtors will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under the Plan, upon the effective date of the Plan. **A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.**

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 Debtors do not believe that the Plan will have any material affect upon the Debtors. The Debtors are repaying their sizeable pre-petition income tax obligations in full, along with all general unsecured debts. To the extent that the Debtors incur unexpected tax obligations post-petition, the Debtors 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, with respect to the Hospital, discharges the Hospital 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. Upon completion of the Plan and the entry of an Order of discharge for Dr. Palmini, Dr. Palmini shall receive a similar discharge of such debts. 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 Debtors' Plan is not confirmed, the Debtors could convert to a case under Chapter 7 in which case a trustee would be appointed to liquidate the Debtors' assets. In such event, unsecured creditors would not be paid in full. As set forth in the Hospital's Liquidation Analysis, unsecured creditors would only receive 12.5% on their claims. There would be nothing for Dr. Palmini's unsecured creditors in a liquidation.

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 (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.

1. *The Hospital’s Liquidation Analysis*

The book value of the Hospital’s assets total \$1,417,343.3, while its liabilities exceed \$974,012.78. The Hospital’s value is best served as a going concern. If the Hospital is liquidated, the Debtors estimate that the sale proceeds would only be \$343,581.01, which would be satisfy the Hospital’s secured and tax creditors. However, after payment of Chapter 11 and Chapter 7 administrative costs, there would only be approximately \$72,892.28 available for distribution to unsecured creditors. Unsecured claims are estimated at \$582,837.71, which would realize a 12.54% return for such creditors. This analysis assumes that none of the Class 15 creditors are entitled to priority treatment under 11 U.S.C. §502(a)(1). If the Falck Creditors are entitled to priority, then general unsecured creditors would receive nothing in a liquidation. The Hospital’s Liquidation Analysis is attached hereto as **Exhibit B**.

2. *Dr. Palmini’s Liquidation Analysis*

Similarly, Dr. Palmini’s assets total \$36,535.00, not including his stock in the Hospital. His non-exempt assets total \$4,425.00. Dr. Palmini’s debts exceed \$155,934.36. Such amounts do not include his personal liability for any debts of the Hospital, including tax debts and debts owe to Ms. Palmini-Falck and Mr. Falck. Absent wages and distributions from the Hospital, Dr. Palmini’s non-exempt assets are insufficient to pay his creditors in full. Dr. Palmini’s liquidation analysis is attached hereto as **Exhibit C**.

3. *Payments Under Plan*

By contrast, in the Plan, the Debtors will pay all Allowed Claims of creditors in full over the life of the Plan. Of that amount, \$136,291.96 will be paid to the IRS on account of its secured claim against the Hospital. Dr. Palmini will pay \$77,585.65 for the IRS' secured and priority claims against him. The Colorado Department of Revenue will be paid \$11,682.00 on its unsecured priority claim against Dr. Palmini. Approximately \$657,060 will be paid to general unsecured creditors of both Debtors, representing a 100% return to unsecured creditors on the principal amount of their claims over five to seven years. As a result, the Debtors assert that the Plan is the most meaningful way creditors have to be paid.

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 Reports show that the Hospital has \$72,843.02 in cash on hand, and Dr. Palmini has \$5,143.26 on hand. A true and correct copy of the most recent Monthly Operating Report for the Hospital is attached hereto as **Exhibit D**. A true and correct copy of Dr. Palmini's most recent Monthly Operating Report is attached hereto as **Exhibit E**. The Debtors believe that they 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 Hospital will have an aggregate annual cash flow, after paying expenses and post-confirmation taxes, of not less than \$600,000 sufficient to cover the payments to the Hospital Creditor Fund. Similarly, Dr. Palmini's projections show that his annual payments to the Palmini Creditor Fund will be not less than \$15,600, also sufficient to repay his unsecured non-insider creditors over time. The final Plan payment is expected to be paid on the first day of the eighty-fourth (84th) month after the effective date of the Plan. Those projections are collectively attached hereto as **Exhibit F**.

The above numbers are based upon the Debtors's current income and expenses. The numbers assume a constant income without bonuses and that the Hospital will continue to operate on a cash flow positive basis and that Dr. Palmini 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

1. Discharge of Hospital. Pursuant to 11 U.S.C. §1141(d)(1)(A), confirmation of the Joint Plan shall discharge only the Hospital 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: (a) a proof of claim is filed or deemed filed; (b) such claim is allowed under 11 U.S.C. §502; or, (c) the holder of such claim has accepted the plan. Confirmation of the Plan also terminates all rights and interests of equity security holders and general partners provided for by the Plan.

2. Discharge of Dr. Palmini. Confirmation of the Plan does not discharge Dr. Palmini for any debt provided for in the Plan until the Court grants him a discharge on completion of all payments under the Plan, or as otherwise provided in §1141(d)(5) of the Code. Dr. Palmini will not be discharged from any debt excepted from discharge under 11 U.S.C. §523 except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

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 Debtors, 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 and Final Decree

Following substantial consummation of the Plan and when its estate has been fully administered pursuant to Fed.R.Bankr.P. 3022, the Hospital shall file a motion for a final decree and closing of its bankruptcy case.

After the Effective Date, Dr. Palmini anticipates filing a motion to administratively close his bankruptcy case once required payments under the Plan have been commenced. Upon completion of the required Plan payments, Dr. Palmini will file a motion seeking to reopen the case for purposes on entry of the Final Decree and entry of his discharge.

Alternatively, the Court may enter such a final decree on it own motion.

Dated: August 31, 2018.

CONIFER VETERINARY HOSPITAL, INC.

By: /s/ David L. Palmini, President
David L. Palmini, President

By: /s/ David L. Palmini
David L. Palmini

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