

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

In re:)	
)	
SUPER QUALITY CLEANERS, LLC)	Case No. 17-20703 MER
)	Chapter 11
Debtor.)	

**SUPER QUALITY CLEANERS, LLC'S DISCLOSURE STATEMENT FOR PLAN OF
REORGANIZATION**

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 bankruptcy case of Super Quality Cleaners, LLC ("Debtor"). This Disclosure Statement contains information about the Debtor and describes the Second Amended Plan of Reorganization (the "Plan") filed by the Debtor on November 6, 2018. A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.

Pursuant to the terms of the United States Bankruptcy Code, this Disclosure Statement has been presented to and approved by the Bankruptcy Court. Approval of the Bankruptcy Court is required by statute but does not constitute a judgment by the Court as to the desirability of the Plan or as to the value or suitability of any consideration offered under the Plan.

A. Purpose of this Document

The Debtor has prepared this Disclosure Statement to provide information sufficient to permit a creditor to make a reasonably informed decision in exercising the right to vote upon the Plan. The material here presented is intended solely for that purpose and solely for the use of known creditors of the Debtor, and, accordingly, may not be relied upon for any purpose other than determination of how to vote on the Plan.

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan;

- Why the Debtor and Plan Proponent 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. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

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

The hearing at which the Court will determine whether to confirm the Plan will take place on _____ 2018, at _____, in Courtroom C, Fifth Floor, U.S. Custom House, 721 19th St., Denver, Colorado.

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

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Wadsworth Warner Conrardy, P.C., attn. David J. Warner, Esq., 5280 W. Main St., Ste. 200, Littleton, CO 80120 (counsel for the Debtor). See section V.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____ or it will not be counted.

3. *Deadline for Objecting to the [Adequacy of Disclosure and] Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon counsel for the Debtor by _____.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact David J. Warner, counsel for the Debtor, at (303) 296-1999 or dwarner@wwc-legal.com.

II. DEFINITIONS

Unless otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan entitled "Definitions").

III. BACKGROUND

A. Description and History of the Debtor's Business

Super Quality Cleaners, LLC is a family-run dry cleaning business. Brothers Ahmad Ahmadian and Mahmood Ahmadian each own 50% of the membership interests in the company. The Debtor operates 8 locations in the Colorado Springs area.

B. Events Leading to Chapter 11 Filing

The Debtor's bankruptcy case was filed after a judgment for unpaid wages was entered against the company in state court. A second wage claim lawsuit is pending against the Debtor in Federal District Court. The Debtor does not have sufficient assets to pay such claims in full.

C. Significant Events During the Bankruptcy Case

During the pendency of this bankruptcy case, the Debtor assumed all of the real estate leases necessary for it to continue to do business.

D. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions because none exist.

E. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article X of the Plan. The Debtor anticipates filing an objection to Claim 2-1, Part 2, the priority wage claim portion of the \$3.3 million claim filed by 11 Broadway. Upon information and belief, 11 Broadway represents the 21 plaintiffs in the federal case *Canizalez v. Super Quality*, Case No. 1:16cv02246-MSK-STV (D. Colo) represented by AndersonDodson, P.C.

G. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in **Exhibit B** which is an appraisal obtained by TBK Bank – Western Division. The most recent monthly operating report filed by the Debtor with the Bankruptcy Court is included as **Exhibit C**. The Debtor's five-year projections for income, expenses, payments, and distributions under the Plan are included as **Exhibit D**. The column of income and expenditures for 2018 is comprised of projected amounts and does not reflect a year-to-date analysis of actual financial performance.

IV. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1. **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 claims 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:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	None	Paid in full on the Effective Date of the Plan, or according to terms of agreement with creditor if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	None	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	Wadsworth Warner Conrardy, P.C. fees of approximately \$10,000.00	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan
Clerk's office fees	None	Paid in full on the Effective Date of the Plan
Other administrative expenses	None	Paid in full on the Effective Date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	None	Paid in full on the Effective Date of the Plan
TOTAL	\$10,000.00	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the Petition Date.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
El Paso County Treasurer	\$1,303.69	Unknown	Debtor shall pay 100% of the Section 507(a)(8) Claim on the Effective Date or through monthly installment payments of a value, as of the Effective Date, equal to the amount of such claim, over a period of 5 years from the Petition Date.

3. *Priority Wage Claims*

Priority wage claims are wages, salaries, or commissions (up to \$12,850) earned within 180 days before the bankruptcy petition is filed under 11 U.S.C. § 507(a)(4). A group of plaintiffs in the federal case of *Canizalez v. Super Quality*, Case No. 1:16-cv-02246-MSK-STV (D. Colo.) have filed a Proof of Claim (Claim 9-1, Part 2) and assert a priority wage claim of \$51,400.00. However, part 5 to the same proof of claim asserts that the alleged damages were calculated with the assumption that the wage practice at issue ended on February 17, 2017. This case was filed November 22, 2017, over nine months after the alleged wrongful wage practice ended. Accordingly, there were no unpaid wages on the Petition Date earned within 180 days before the bankruptcy petition was filed. The Debtor intends to object to the allowance of Proof of Claim 9-1, Part 2.

C. **Classes of Claims and Equity Interests**

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

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent the value of the collateral exceeds the creditor's claim as provided 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.

The following charts list all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class 1	
Creditor:	U.S. Bank, N.A. d/b/a U.S. Bank Equipment Finance
Collateral Description / Value:	2 Firbimatic EG-60 Hydrocarbon Dry Cleaning Machines
Priority of Lien:	1st
Total Claim as of Petition Date:	\$122,550.43
Allowed Secured Amount:	\$102,600.36
Unsecured/Deficiency Amount:	\$0.00
Insider?	No
Impaired?	Yes
Treatment	
<p><u>Class 1.</u> (Allowed Impaired Secured Claim of U.S. Bank, N.A. d/b/a U.S. Bank Equipment Finance). U.S. Bank, N.A. filed Proof of Claim 3-1 on December 20, 2017. In Claim 3-1, U.S. Bank, N.A. asserts that the total amount of the Class 1 Claim as of the Petition Date was \$122,550.43. Claim 3-1 also states that the Class 1 Claim is secured by two Firbimatic EG-60 Hydrocarbon Dry Cleaning Machines (the "U.S. Bank Collateral") with a value of \$46,420.00. The Debtor has been making its regular payments to U.S. Bank, N.A. since the Petition Date and after application of those payments, the principal amount of U.S. Bank, N.A.'s Secured Class 1 Claim as of July 2018 is \$102,600.36. According to an appraisal obtained by a different lender in October of 2017, the combined total value of the U.S. Bank Collateral is actually closer to \$100,000.00. Thus, pursuant to Section 506 of the Bankruptcy Code, the Class 1 Claim is fully secured. The Debtor will retain the U.S. Bank Collateral and the Equipment Finance Agreement at issue will be assumed and modified as follows: The Class 1 Claim in the amount of \$102,600.36 will be paid over 5 years at a fixed annual interest rate of 5.54%. Sixty consecutive monthly payments of principal and interest in the amount of \$1,961.68 will begin on the fifth of the first full month following the Effective Date until paid in full. There shall be no pre-payment penalty and upon payment-in-full of the Class 1 Claim as set forth herein, the Debtor shall own the U.S. Bank Collateral free and clear of any security interest or encumbrance by U.S. Bank, N.A.</p>	

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the Effective Date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

There are no claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan.

3. *Classes of Executory Contract and Unexpired Leases (Class 2)*

Any unexpired leases or executory contracts not otherwise dealt with in the Plan or previously assumed by the Debtor during this bankruptcy case shall be deemed rejected. Under the terms of any lease agreements, in the event that a lease is rejected, the equipment or property will be returned to the lessor, unless Debtor and the lessor otherwise agree.

Any Class 2 claimant asserting a claim for damages arising from rejection of a lease shall file a proof of claim with the Bankruptcy Court by the later of the Effective Date or thirty days after entry of the Order granting the motion to reject or the claim shall be forever barred. The claims held by holders of rejected leases or executory contracts shall be treated as a Class 3 unsecured claim subject to the limitations of Section 502 of the Bankruptcy Code.

4. *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.

The following chart identifies the Plan's proposed treatment of general unsecured claims against the Debtor:

Class 3	
Creditor:	General Unsecured Creditors
Description:	Unsecured
Impaired?	Yes
Treatment	
<p>Class 3 is comprised of creditors holding Allowed Unsecured Claims against the Debtor, including any allowed penalty Claims held by any taxing authority which are not related to actual pecuniary loss. Allowed Class 3 Claims shall receive their pro rata share of the Net Profits Fund. Distributions from the Net Profits Fund shall continue for 5 years following the Effective Date. Distributions to Class 3 claimants shall not exceed the amount of the Allowed Unsecured Claims plus interest calculated at two and a half percent (2.5%) per annum. Distributions to the Allowed Class 3 claimants shall be made annually on September 1 and shall commence September 1, 2019. In the alternative, at any time during the term of the Plan and at its sole discretion, the Debtor may distribute \$40,000 (the approximate amount projected to be distributed to unsecured creditors under the Plan) less any payments already made under the Plan, as a lump-sum payment to the allowed Class 3 claimants on a pro-rata basis, in full, final, and complete satisfaction of their unsecured claims.</p> <p>A list of the Unsecured Claims is as follows:</p> <ul style="list-style-type: none"> Erika Perez Merida - \$135,217.65 	

- Carlos Jimenez - \$107,278.45
- Luis Jimenez - \$126,643.36
- 11 Broadway - \$3,327,963.47
- Any other creditors listed on the Debtor's bankruptcy schedules with liquidated, noncontingent, undisputed claims.

"Net Profits" shall mean the Reorganized Debtor's revenues received from gross sales, reduced by cost of goods sold, operating and administrative expenses, all taxes, and all Plan payments. Significant unexpected expenditures, such as the purchase of new equipment, will impact the Net Profits realized.

"Net Profits Fund" shall mean that fund established by the Debtor funded by 50% percent of its Net Profits, calculated annually for the prior 12 months (or any portion thereof), for each year of the Plan.

The Debtor projects that the return to unsecured creditors will be higher through a plan of reorganization than a liquidation sale. The Debtor estimates distributing \$42,414.69 to Class 3 unsecured creditors or 1% of the unsecured claims listed above. **If the Debtor does not realize any Net Profits, Allowed Unsecured Creditors will receive no payments under the Plan.**

5. *Classes of Equity Interest Holders*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class of equity interest holders:

Class 7	
Equity Interest Holders:	Ahmad Ahmadian 50% Mahmood Ahmadian 50%
Description of Interest:	Membership Interests in LLC
Impaired?	No
Treatment	
In the event the Plan is confirmed as a Consensual Plan, on the Effective Date, all equity interests in the Reorganized Debtor shall be retained by the Debtor's members in the proportions held by such individuals prior to the Petition Date.	

D. Means of Implementing the Plan

Payments and distributions under the Plan will be funded by cash flow from operations. The Debtor will have to defer some ordinary business expenses and necessary capital expenditures in order to generate sufficient profits to make distributions to unsecured creditors.

E. Risk Factors

1. General Economic Risk

The Reorganized Debtor's business may be affected by the general conditions in the economy. The Reorganized Debtor may be forced to expend more than expected to maintain and improve its equipment. If its equipment is damaged or an excessive amount of equipment needs to be replaced, the Reorganized Debtor will be adversely affected.

2. No Guaranteed Payments

The Debtor believes that it will generate profits for distributions as discussed herein. However, in the event that expenses exceed revenues, the Debtor will not generate profits for distributions to unsecured claimants under the Plan.

3. Insufficient Funds to Pay Administrative and Other Claims Due After the Effective Date

The Debtor will have sufficient funds to meet its Effective Date payment obligations to administrative claimants. The Debtor believes that it will generate profits for distributions as discussed herein. However, in the event that expenses greatly exceed revenues, the Debtor may not generate sufficient funds for distribution to administrative claimants and Class 3 claimants under the Plan.

4. *Loss of Property*

The Debtor operates equipment. In the event its equipment or any portion thereof is destroyed or damaged, the Debtor's operations will be adversely affected.

5. *Competition*

The dry-cleaning industry is highly competitive. There are many other companies that directly compete with the Debtor. To the extent that these companies' operations improve and/or other companies enter the market, the Debtor will face increased competition and the Debtor's revenues may not be as estimated.

F. **Executory Contracts and Unexpired Leases**

All unexpired leases and executory contracts between the Debtor and any other Person (if any) which have not prior to the Effective Date of the Plan been affirmatively assumed by the Debtor, will be rejected.

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.

V. **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. **Who May Vote or Object**

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that all classes of claimants are impaired and that

holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that Class 4 is unimpaired or comprised of insiders and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was February 23, 2018.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and

- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. 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” on non-accepting classes, as discussed later in Section [B.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 more than one-half (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 (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 interests 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.

C. 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. A liquidation analysis is included in Section VI of this Disclosure Statement.

D. 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 Plan Proponent believes that the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

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

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

As shown in **Exhibit D**, the Debtor will have sufficient cash from its operating revenue to pay its secured and unsecured creditors as set forth in the Plan.

VI. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor.

Discharge. On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the Effective Date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the Effective Date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

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.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

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

VII. LIQUIDATION ANALYSIS

Plan Proponent's Estimated Liquidation Value of Assets

Assets	Liquidation Value
Cash on hand	\$32,000.00
Machinery & equipment	\$115,400.00 ¹
Employee loan	\$1,000.00
Notes receivable (Laundry Town)	\$0.00 (not collectible)
<i>Total Assets at Liquidation Value</i>	\$148,400.00
Administrative expenses of the Chapter 11 bankruptcy estate	(\$10,000.00) (estimated)
Recoveries by secured creditors	(\$100,000.00)
Chapter 7 trustee fees and expenses	(\$20,000.00) (estimated)
Priority claims, excluding administrative expense claims	(\$11,300.00) (estimated)

1. Forced liquidation value from appraisal of \$206,000.00 less 10% commission for auctioneer, less estimated costs of removal (\$40,000.00), less landlords' estimated claims (\$30,000). The landlord's estimated claims are equivalent to approximately one month of rent for all of the Debtor's locations that would need to be paid by a Chapter 7 trustee as an expense of the Chapter 7 bankruptcy estate.

Balance for unsecured claims	\$7,100.00
Total dollar amount of unsecured claims	(\$3,697,102.93)
Estimated Amount of Distributions in a Plan	\$43,000.00

The Debtor believes that confirmation of the Plan is in the best interests of creditors as the Plan is likely to result in a higher distribution to unsecured creditors than a forced liquidation. A liquidation would also result in additional administrative costs and risks that are not accounted for in the chart above. Again, the Debtor projects that the return to unsecured creditors will be higher through a plan of reorganization than a liquidation sale.

Another alternative to conversion is dismissal of the bankruptcy case. Again, the Debtor does not believe that dismissal is in the best interests of creditors. If the reorganization is dismissed, a liquidation of the Debtor's assets would almost certainly result in a lower return to unsecured creditors than the distribution proposed by the Debtor.

VIII. MANDATORY DISCLOSURES

The Bankruptcy Code requires disclosure of certain facts:

(a) There are no payments made or promises of the kind specified in Section 1129(a)(4)(A) of the Bankruptcy Code which have not been disclosed to the Court.

(b) The Reorganized Debtor will remain in control of the assets after confirmation of the Plan for the purpose of operating the business of the Reorganized Debtor. The current management of the Debtor: Reza, Mahmood, and Ahmad Ahmadian, will remain in control of the Reorganized Debtor. The combined aggregate monthly salaries of these three individuals will equal approximately \$6,000.00 per month during the pendency of the Reorganized Debtor's Plan with reasonable cost of living increases each year. The Debtor believes that their continued control is in the best interest of all creditors as described in Section 1129(a)(5) of the Bankruptcy Code.

IX. CONCLUSION

The materials provided in this Disclosure Statement are intended to assist you in voting on the Plan of Reorganization in an informed fashion. Since, if the Plan is confirmed, you will be bound by its terms, you are urged to review this material and make such further inquiries as you may deem appropriate and then cast an informed vote on the Plan.

DATED November 6, 2018.

Super Quality Cleaners, LLC

/s/ Ahmad Ahmadian

By: Ahmad Ahmadian
Its: Managing Member

WADSWORTH WARNER CONRARDY,
P.C.

/s/ David J. Warner

David J. Warner, #38708
2580 W. Main St., Ste. 200
Littleton, Colorado 80210
(303) 296-1999, Fax: (303) 296-7600
ATTORNEYS FOR DEBTOR