

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

|                           |   |                       |
|---------------------------|---|-----------------------|
| IN RE:                    | ) |                       |
|                           | ) | Case No. 17-21637-KHT |
| ABC NEIGHBORHOOD DENTAL & | ) |                       |
| ORTHODONTICS, P.C. d/b/a  | ) |                       |
| ABC FAMILY DENTAL &       | ) |                       |
| ORTHODONTICS              | ) |                       |
|                           | ) |                       |
| EIN: 46-3186392           | ) | Chapter 11            |
|                           | ) |                       |
| Debtor.                   | ) |                       |

**DISCLOSURE STATEMENT TO ACCOMPANY  
PLAN OF REORGANIZATION DATED JULY 2, 2018**

This Disclosure Statement (“Disclosure Statement”) has been prepared by ABC Neighborhood Dental & Orthodontics, P.C. d/b/a ABC Family Dental & Orthodontics (“ABC Dental” or “Debtor”), to accompany its Plan of Reorganization Dated July 2, 2018 (“Plan”) which was filed in the above-referenced Chapter 11 case. This Disclosure Statement is being provided to all creditors and interest holders of ABC Dental. This Disclosure Statement is subject to 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 Debtor’s 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 \_\_\_\_\_, 2018 at \_\_:00 .m. at the United States Bankruptcy Court, U.S. Customs House, 721 19th Street, Courtroom D, Denver, Colorado 80202.

ABC Dental is a Colorado professional corporation that is wholly owned by Michael Shifman, D.D.S. (“Shifman”). ABC Dental is engaged in business as a dental office located at 1250 South Buckley Avenue, Unit M, Aurora, Colorado. ABC Dental faced a number of financial issues that led to the filing of the Chapter 11 case. All of this is described in more detail in this Disclosure Statement. ABC Dental believes that its proposed Plan represents the best and only meaningful way that unsecured creditors can be paid in this case and urges all creditors to vote to accept the Plan.

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.

This Disclosure Statement is provided to you along with a copy of the Debtor's 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 the Debtor's 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 set forth below:

Jeffrey S. Brinen  
Keri L. Riley  
Kutner Brinen, P.C.  
1660 Lincoln St., Suite 1850  
Denver, Colorado 80264

The Court set \_\_\_\_\_, **2018** as the last day to vote on the Plan (the "Balloting Deadline"). Accordingly, the Ballot must be received by Kutner Brinen, P.C. no later than the Balloting Deadline. 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.

**Recommendation.** As set forth below, Debtor firmly believes 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 Debtor and creditors. **The Debtor strongly believes 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 2 through 7 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 11 U.S.C. § 1126(f).

**Deemed Rejection of Plan.** Classes that receive and retain nothing under the Plan are deemed to reject the Plan pursuant to 11 U.S.C. § 1126(g). No class will receive nothing under the Plan and therefore there are no classes deemed to have rejected 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 a debtor to retain its assets during administration of their Chapter 11 case as a debtor-in-possession and, following confirmation of a Plan, as a reorganized debtor pursuant to the Plan. Once the Court has approved a Plan of Reorganization, the Plan of Reorganization constitutes the permanent restructuring of a debtor's financial obligations. The Plan also provides a means through which the debtor will restructure or repay its obligations.

The Plan of Reorganization divides creditors into classes of similarly situated creditors. All creditors of the same Class are treated in a similar fashion. All member 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. Alternatively, a claimant is "unimpaired" if the Plan provides for the cure of a default and reinstatement of the maturity date of the claim as it existed prior to the default.

On February 6, 2018, the Debtor filed a Motion requesting the Court set a bar date for filing claims and requests for allowance of administrative expense claims under 11 U.S.C. § 503(b)(9). The Bankruptcy Court set a bar date establishing the last date for filing Proofs of Claim as March 14, 2018. The Plan provides that Claims of all Classes shall be allowed only if evidenced by a timely filed Proof of Claim or which otherwise appears in the Debtor's Schedules and is not scheduled as disputed, contingent, or unliquidated unless subsequently allowed by the

Court. Creditors may ascertain whether their claims have been scheduled as disputed, contingent, or unliquidated by reviewing the Debtor's Schedules and amendments thereto filed with the Bankruptcy Court. Alternatively, creditors may contact Debtor's counsel directly to determine how their claims have been scheduled.

Chapter 11 does not require that each holder of a Claim against or Interest in the Debtor 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 (excluding 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 or Interests that is impaired under and has not accepted the Plan.

If all Classes of Claims and Interests vote to 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 Debtor.

Each class of creditors who is impaired will have an opportunity to vote on the Plan. In the event the requisite majority of each class votes to accept the Plan, the Plan will be deemed accepted by the subject class. If a class of creditors votes to reject the Plan, the Plan may be confirmed over the rejection of the class pursuant to 11 U.S.C. § 1129(b).

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

The following is a summary of all classes of Claims and Interests other than those Claims of a kind specified in 11 U.S.C. §§ 507(a)(2), 507(a)(3), or 507(a)(8).

| <b>Class</b>                                    | <b>Impairment</b> | <b>Treatment</b>  |
|---|-------------------|---|
| 1. Priority Claims in Section 507(a)(4) and (5) | Unimpaired        | 100% Distribution. No Class 1 claims exist.   |
| 2. Colorado Department of Revenue ("CDR")       | Impaired          | The Class 2 Claim shall be allowed in the full amount due on the Effective Date and paid monthly payments |

|                                  |          |   |
|----------------------------------|----------|---|
|                                  |          | of \$966.85 until paid in full.   |
| 3. Wells Fargo Bank, N.A.        | Impaired | The Class 3 Claim shall be allowed in the amount of \$299,725.00. The Class 3 claim shall bear interest at a rate of 5.75% per annum, and shall be amortized over 10 years and paid in equal monthly installments of \$3,290.06, with a balloon payment on the 5 year anniversary of the Effective Date of the Plan in the amount of approximately \$174,497.56. The Class 3 Claimant will also receive amounts recovered under the Debtor's insurance claim less reasonable attorney fees and costs. |
| 4. Patterson Dental Supply, Inc. | Impaired | The Class 4A and 4B Claims shall be allowed in the combined amount of \$35,000, and shall bear interest at a rate of 5.75% per annum. The Class 4 Claim shall be amortized and paid over five (5) years in equal monthly installments of \$672.59. The deficiency claim shall be treated as a Class 7 general unsecured claim pursuant to 11 U.S.C. § 506.  |
| 5. SNAP Advances, LLC            | Impaired | To the extent allowed, the Class 5 Claim shall be determined to be unsecured pursuant to 11 U.S.C. § 506 and treated as a Class 7 general unsecured claim.  |
| 6. Bankers Healthcare Group, LLC | Impaired | The Class 6 Claim shall be determined to be unsecured pursuant to 11 U.S.C. § 506   |

|   |            |  |
|---|------------|--|
|   |            | and treated as a Class 7 general unsecured claim.  |
| 7. Unsecured Creditors                    | Impaired   | Pro rata distribution of \$1,500 per month for a five-year period following the Effective Date of the Plan, less any amounts necessary to pay Unclassified Priority Claimants who accept payment over time. Distributions will be made every three (3) months. |
| 8. Interest in ABC Dental held by Shifman | Unimpaired | On the Effective date, Shifman will retain his interest in the Debtor.   |

### III. BACKGROUND AND EVENTS LEADING TO CHAPTER 11 FILINGS

The Debtor is a Colorado professional corporation, with its principal place of business in Aurora, Colorado. The Debtor is wholly owned and managed by Michael Shifman, D.D.S. (“Shifman”). The Debtor was established in 2013 and is engaged in business as a dental practice located in Aurora, Colorado. The Debtor caters primarily to children and families, and offers a wide array of services to its patients. The Debtor currently employs several hygienists, and Dr. Shifman is currently the only dentist working at the Debtor. In the past, the Debtor has employed additional dentists and orthodontists, and may elect to do so in the future.

The Debtor operated successfully from 2013 until 2017. In 2017, Dr. Shifman intended to expand his practice by opening a second location in Denver, Colorado through a separate company. In order to maintain operations while Dr. Shifman started the second practice, the Debtor hired Vladislav Polyak (“Polyak”) as an office manager. Polyak represented that he had significant experience in managing dental practices in Colorado and Philadelphia and quickly took over the Debtor’s operations, including hiring an additional office manager, Marisa Caravella (“Caravella”), who assisted Polyak in carrying out his fraudulent scheme.

Polyak and Caravella were employed by the Debtor from early 2017 through September 2017 when Dr. Shifman discovered that Polyak and Caravella had embezzled over \$250,000 from the Debtor through transfers to personal accounts, withdrawals of funds, and significant

expenditures for personal expenses. In addition to embezzling substantial funds from the Debtor, Polyak and Caravella also incurred significant debt in the Debtor's name. On several occasions, Polyak held himself out as Dr. Shifman in order to obtain loans on behalf of the Debtor, including forging Dr. Shifman's name on loan documents and a residential apartment lease. Funds extended under these loans were immediately transferred to personal accounts or withdrawn by Caravella and Polyak.

Concurrently with the embezzlement, Caravella and Polyak also mismanaged the Debtor's operations. Polyak and Caravella failed to remain current with the Debtor's vendors, causing mounting trade debt for the Debtor. Polyak and Caravella further failed to file wage withholding returns on behalf of the Debtor or pay wage withholding taxes, leaving the Debtor with a significant tax burden. To hide their misdeeds and ABC Dental's rapidly growing debt, Polyak and Caravella also changed passwords to online banking platforms to deny Dr. Shifman online access, hid and concealed bills from vendors, and even went so far as to create fake paystubs to create the appearance of properly withholding payroll taxes.

After discovering the embezzlement and fraud, the Debtor terminated Polyak and Caravella's employment, and began to reconcile its books and records to determine the full scope of the damage. The Debtor also reported the embezzlement to the Aurora Police. After an investigation into Polyak and Caravella's conduct, the case was referred to the Arapahoe County District Attorney's Office for prosecution. Criminal charges have been filed against Polyak and Caravella in Arapahoe County and arrest warrants have been issued.

As a result of the financial damage caused to the Debtor's operations by Polyak and Caravella's conduct, the Debtor filed its voluntary petition pursuant to Chapter 11 of the Bankruptcy Code on December 26, 2017 in order to address the fraudulent claims of any creditors and restructure its debt while preserving its going concern value.

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

The following is a brief description of the Debtor's assets with valuations provided by the Debtor. Further information on the Debtor's assets can be found in the Debtor's Schedule B, and amendments thereto.

| <u>ASSET</u>   | <u>VALUE</u> |
|--|--------------|
| Wells Fargo Debtor in Possession Account (as of 5-31-18) | \$5,170.12   |
| Deposit held by Sommerset Village (Landlord)             | \$11,000.00  |
| Accounts Receivables (as of 5-31-18)                     | \$38,371.24  |
| Dental Supplies  | \$5,000.00   |
| Office Furniture   | \$2,000.00   |
| Operatory Room Equipment and Furniture                   | \$40,000     |
| Key Man Life Insurance Policy                            | \$0          |
| Claims against Vladislav Polyak and Marisa Caravella     | Unknown      |
| Insurance Claim for Embezzlement                         | \$25,000     |
| Company Website  | \$0.00       |
| Total  | \$126,541.36 |

All assets listed are valued as of the Petition Date unless otherwise indicated. The values of the assets are based on the anticipated liquidation value. The Debtor's primary assets are its operatory room equipment and furniture, and its accounts receivables. The Debtor's equipment, including its operatory room equipment is several years old, and would likely be worth approximately half of its replacement value in a liquidation of the Debtor's assets.

The Debtor has also scheduled its claims against Polyak and Caravella based on their embezzlement and mismanagement of the Debtor in an unknown amount. A criminal case has been filed against Caravella and Polyak, and the Debtor may receive some restitution if Polyak and Caravella are convicted. The Debtor also believes it may have civil claims for theft, embezzlement, and fraudulent transfers. The Debtor is still investigating whether these claims would be collectible, and has not yet determined whether it intends to pursue its civil claims against Polyak and Caravella.

### **Avoidance Actions**

Avoidance Actions constitute claims against creditors or insiders pursuant to 11 U.S.C. §§ 545 through 550 or state law fraudulent conveyance actions. The Debtor is reserving the right



to bring Avoidance Actions pursuant to 11 U.S.C. §§ 545 through 550 and state and bankruptcy fraudulent conveyance actions. Beyond those claims against Polyak and Caravella identified above, the Debtor does not believe it has any avoidance actions.

**V. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE**

During the course of the Chapter 11 case ABC Dental has met its requirements with respect to filing documents, monthly reporting, and attending creditors meetings, and has complied with the Bankruptcy Code.

**A. Authority to Use Cash Collateral**

On December 27, 2017, the Debtor filed a Motion for Authority to Use Cash Collateral, seeking authorization to use cash collateral in which the Debtor's secured lender, Wells Fargo, and the Colorado Department of Revenue had an interest. Following an interim hearing on the Debtor's use of cash collateral, the Court entered an Interim Order Authorizing Use of Cash Collateral on December 29, 2017. On January 10, 2018, Wells Fargo filed an Objection to the Debtor's Continued Use of Cash Collateral. The Colorado Department of Revenue further filed an Objection to Debtor's Motion for Authority to Use Cash Collateral on January 17, 2018. Following further negotiations with WF and the CDR, on January 24, 2018, the Court entered a Stipulated Order Authorizing Use of Cash Collateral ("Stipulated Order"). Pursuant to the Stipulated Order, the Debtor was authorized to use cash collateral through May 31, 2018, and was required to pay the CDR adequate protection payments in the amount of \$966.85 per month, and to pay WF adequate protection payments in the amount of \$1,500 per month. The Debtor has complied with the Stipulated Order, and on July 2, 2018, sought an extension of the Stipulated Order through July 31, 2018.

**B. Assumption and Rejection of Leases**

Pre-petition, the Debtor was a party to a Commercial Lease Agreement ("Lease") for nonresidential real property located at 1250 South Buckley Avenue, Unit M, Aurora, Colorado 80017 ("Property"). Pre-petition the Debtor defaulted under the Lease by failing to pay certain monthly rent and common area charges for September and October 2017. To resolve a pending Forcible Entry and Detainer action filed by the landlord of the Property, Somerset Village 04 Exchange One 04, LLC ("Landlord"), the Debtor entered into a stipulation pursuant to which the Debtor agreed to pay the Landlord \$2,500 per month for a period of approximately six months.

As of the date of filing, a balance of approximately \$6,415.11 remained for arrears under the lease. The Debtor was current on payments under the Stipulation on the Petition Date.

Post-petition, on April 10, 2018, the Debtor filed a Motion to Assume Non-Residential Real Property Lease Agreement for the Property. The Court entered an Order Authorizing Debtor to Assume Non-Residential Lease on June 12, 2018. In connection with the arrears owed under the Lease, the Debtor and the Landlord entered into a Stipulation For Assumption of Non-Residential Commercial Real Property Lease, pursuant to which the Debtor agreed to pay the Landlord \$2,500 per month in addition to its regular monthly rent beginning the first full month following confirmation of the Debtor's Plan. The Stipulation was approved by the Court on June 12, 2018.

Post-petition, the Debtor became aware that Polyak had also caused the Debtor enter into a residential lease for the real property located at 891 14th Street, Unit 2608, Denver, Colorado ("Spire Property"), and further forged Dr. Shifman's signature as a guarantor to the lease. Prior to the filing of the bankruptcy case, the Debtor had no knowledge of the residential lease, had never used the Spire Property, and had no access to the Spire Property. As a result, on February 23, 2018, the Debtor filed a Motion to Reject Real Property Lease for the Spire Property. The Court entered an Order Granting the Motion to Reject on March 14, 2018. The landlord for the Spire Property has not filed a claim related to the rejection of the lease.

**C. *Assignment and Assumption of Patterson Agreement***

Pre-petition, Dr. Shifman entered into two Installment Sale Contracts with Patterson Dental Supply for the purchase of certain operatory room equipment subject to a properly perfected first-position lien on the equipment. While Dr. Shifman entered into the Installment Sale Contracts individually, at all times relevant hereto, the equipment was installed in the Debtor's offices, invoices were sent to the Debtor's offices, payments were made by the Debtor, and the equipment was used, kept, and maintained by the Debtor.

On January 31, 2018, Patterson filed a Motion for Relief from Stay, asserting, *inter alia*, that the Debtor had no interest in the equipment. The Debtor disputed this assertion, arguing that it held the equitable interest in the equipment while Dr. Shifman held only bare legal title. In order to ensure that the Debtor could continue to use the equipment and include Patterson in its Plan of Reorganization, the Dr. Shifman agreed to assign his interests in the equipment to the

Debtor subject to Patterson's first position purchase money security interests. The Debtor, Patterson, and Dr. Shifman further agreed that Dr. Shifman would remain liable for the amounts owed to Patterson, and that the Debtor would make adequate protection payments to Patterson in the amount of \$500 per month. On March 12, 2018, the Debtor filed a Motion to Approve: 1) Assumption and Assignment Agreement and Granting of Liens Under 11 U.S.C. §§ 364(c)(2) and 364(d)(1); and 2) Stipulation for Adequate Protection. The Court entered an Order granting the Motion on April 4, 2018.

## VI. DESCRIPTION OF LIABILITIES

### A. *Priority Claims*

Priority Claims are defined in the Plan as any pre-petition Claim entitled to a priority payment under 11 U.S.C. § 507(a), excluding any Administrative Claim or Tax Claim.

#### 1. **Administrative Claims**

Administrative Claims are those Claims for payment of an administrative expense of a kind specified in 11 U.S.C. § 503(b) or § 1114(e)(2) entitled to priority pursuant to 11 U.S.C. § 507(a)(2), including but not limited to: (a) actual and necessary costs and expenses incurred after the Petition Date to preserve the estate and operate the Debtor's business, including wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case; (b) Professional Fee Claims; (c) all fees and charges assessed against the estate under 28 U.S.C. § 1930; and (d) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Court under 11 U.S.C. § 503.

The Debtor retained Kutner Brinen, P.C. ("KB") as its bankruptcy counsel. The Court approved the Debtor's employment of KB on January 5, 2018 *nunc pro tunc* to December 26, 2017. The Debtor provided KB a retainer in the amount of \$13,721, which was approved by the Court on January 16, 2018. For the period of December 26, 2017 (Petition Date) through June 30, 2018, KB has incurred approximately \$25,062.00 in attorney fees and \$1,799.40 in costs on behalf of ABC Dental, resulting in a total amount owed after application of the retainer of approximately \$10,412.27. KB estimates that the total legal fees and costs will increase by approximately an additional \$7,000 as of the estimated date on which the Plan will become effective. The fees could increase or decrease depending on the level of litigation over the Plan, Claims, and other matters pending before the Bankruptcy Court.

ABC Dental also retained Hristopolous & Company, P.C. as accountants for the Debtor (“Accountant”). The Debtor anticipates that Accountant’s fees and costs will be approximately \$10,000 through the Effective Date of the Plan.

**2. 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). The tax claims entitled to priority are as follows:

*1. Internal Revenue Service (“IRS”)*

The IRS filed Proof of Claim No. 21-2 asserting a priority claim pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$70,747.59 for unpaid withholding taxes. The IRS also asserted a general unsecured claim in the amount of \$7,057.66 which is treated as a Class 7 claim.

*2. Colorado Department of Revenue (“CDR”)*

Pursuant to the Stipulated Order Authorizing Use of Cash Collateral entered on January 24, 2018 (Docket No. 55), the CDR has a priority claim pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$11,174 for unpaid withholding taxes, which claim is also entitled to a statutory first and prior lien on the Debtor’s assets located in Colorado pursuant to C.R.S. § 39-22-604(7)(a). The CDR’s claim has been reduced by approximately \$5,000 through post-petition payments pursuant to the Stipulated Order Authorizing Use of Cash Collateral. The CDR’s Claim is treated as the Class 2 Secured Claim.

*3. Colorado Department of Labor and Unemployment*

The Colorado Department of Labor and Unemployment filed Proof of Claim No. 6-1 asserting a priority claim pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$2,850.97.

**3. Wage Claims (Class 1)**

Wage Claims are the claims entitled to priority pursuant to 11 U.S.C. § 507(a)(4) and (a)(5) as unsecured claims for pre-petition wages and contributions to employee benefit plans up to the amount of \$12,850 for each individual. On December 29, 2017, the Court entered an Order Authorizing (A) Payment of Prepetition Employee Wages and Salaries; and (B) Payment of All Costs and Expenses Incident to the Foregoing Payments, authorizing the Debtor to pay all wages owed on the date of filing. As a result, the Debtor does not anticipate any Wage Claims.

**B. Secured Claims.**

A summary of the known Secured Claims for the Debtor's bankruptcy estate is set forth below.

**1. Colorado Department of Revenue (Class 2).** The CDR's claim is secured by a statutory lien on substantially all of the Debtor's assets located in the State of Colorado. Pursuant to the Stipulated Order Authorizing Use of Cash Collateral entered on January 24, 2018 (Docket No. 55), the CDR has a priority claim pursuant to 11 U.S.C. § 507(a)(8) in the amount of \$11,174 for unpaid withholding taxes, which amount has been reduced by approximately \$5,000 through post-petition payments by the Debtor.

**2. Wells Fargo Bank, N.A ("Wells Fargo") (Class 3).** Wells Fargo's claim is secured by a lien on substantially all of the Debtor's assets, including certain equipment, accounts, accounts receivables, general intangibles, and personal property pursuant to the Master Loan and Security Agreement dated July 31, 2013. Wells Fargo filed Proof of Claim No. 7-1 asserting a secured claim in the amount of \$307,356.86. The Debtor believes that Wells Fargo's claim is fully secured by the value of the collateral.

**4. Patterson Dental Supply, Inc. ("Patterson") (Class 4A).** The Class 4A Claim is secured by a purchase money security interest in certain equipment pursuant to an Installment Sale Contract for Account ending 1176. Patterson filed Proof of Claim No. 17-1 asserting a secured claim in the amount of approximately \$14,577.20. The Debtor believes that Class 4A Claim is undersecured by the value of the collateral.

**5. Patterson Dental Supply, Inc. (Class 4B).** The Class 4B Claim is secured by a purchase money security interest in certain equipment pursuant to an Installment Sale Contract for Account ending 6623. Patterson filed Proof of Claim No. 15-1 asserting a secured claim in the amount of approximately \$53,570.59. The Debtor believes that the Class 4B Claim is undersecured by the value of the collateral.

**6. SNAP Advances, LLC ("SNAP Advances") (Class 5).** SNAP Advances' claim purports to be secured by secured by a lien on the Debtor's receivables. SNAP Advances filed Proof of Claim No. 1-1 asserting a secured claim in the amount of \$132,357.00. The Debtor disputes the validity of SNAP Advances' claim, and intends to object to SNAP Advances Claim on the basis that it was incurred through the fraudulent acts of its former managers without the Debtor's authority or consent. To the extent allowed, SNAP Advances' claim is wholly

unsecured by the value of the collateral. The Debtor intends to object the SNAP Advances claim.

**7. Bankers Healthcare Group, LLC (“BHG”) (Class 6).** BHG’s claim is secured by a lien on substantially all of the Debtor’s assets. BHG filed Proof of Claim No. 22-1 asserting a secured claim in the amount of \$342,722.33. The Debtor believes that BHG’s claim is wholly unsecured by the value of the collateral.

**C. *Executory Contracts and Unexpired Leases***

Prior to the Effective Date of the Plan, the Debtor will file Motions to assume those executory contracts and unexpired leases which have not previously been assumed by Order of the Court. On the date of the entry of an Order confirming the Plan, Debtor shall be the holder of any and all right, title, and interest to the assumed leases and contracts, and as a result, such assumed leases and contracts shall be in full force and effect and shall be binding upon Debtor and the other parties thereto. Confirmation of the Plan shall constitute a determination that the payments to be made to said creditors pursuant to the Plan satisfy all conditions precedent to assumption and assignment set forth in 11 U.S.C. §§ 365(b) and (f).

As to any rejection of the leases and executory contracts, on the Effective Date of the Plan, the Debtor will file a Motion to reject any executory contracts and unexpired leases which it deems necessary and which have not been rejected by Order of the Court prior to the Confirmation Date. Executory contracts and unexpired leases will be rejected pursuant to the provisions of 11 U.S.C. § 365. Any executory contract or unexpired lease not assumed in accordance with the Plan shall be rejected. All proofs of claim with respect to claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Court within twenty (20) days after the earlier of: (i) the date of the Court order approving the Debtor’s rejection of such executory contract or unexpired lease; or (ii) the Confirmation Date. Any claims not filed within such time shall be forever barred against the Debtor, its estate, and property, and as a result, any such Claims shall be disallowed in full. Claims arising from such rejection, to the extent Allowed, shall be treated as non-priority unsecured Claims.

On April 10, 2018, the Debtor filed a Motion to Assume Non-Residential Real Property Lease Agreement for its offices located at 11250 South Buckley Road, Unit M, Aurora, Colorado 80017. The Motion to Assume was granted by the Court on June 12, 2018. All arrears under the Lease will be cured following confirmation of the Plan pursuant to the Stipulation For Assumption of Non-Residential Commercial Real Property Lease, which was approved by the Court on June 12, 2018.

The Debtor does not believe it is a party to any other executory contracts or leases. To the extent the Debtor determines that such contracts are executory and subject to assumption or rejection, the Debtor will file appropriate Motions to assume or reject the contract.

***D. Non-Priority Unsecured Claims***

The Debtor has a number of unsecured pre-petition date creditors, a list of which is attached hereto as Exhibit B. The Debtor intends to file Objections to the Proofs of Claim filed by SNAP Advances and National Funding. If the claims are disallowed in their entirety, the total amount of allowed unsecured claims will be \$576,375.44. If the claims are allowed in their entirety, the total amount of the allowed unsecured claims will be approximately \$843,688.62.

**VII. DESCRIPTION OF THE PLAN**

***A. General Description***

The Debtor filed its Plan of Reorganization with the United States Bankruptcy Court for the District of Colorado on July 2, 2018. The Plan provides for the reorganization of the Debtor under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtor shall restructure its debts and obligations and the Debtor shall continue to operate in the ordinary course of business. 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.

As provided in Section 1123(a)(1) of the Bankruptcy Code, the Priority Administrative and Tax Claims against the Debtor are not designated as classes unless

otherwise specified. The holders of such Allowed Claims will be paid in full and are not entitled to vote on the Plan.

The Plan divides the creditors into separate classes. The classes are set forth as follows:

Class 1 - All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

Class 2 – The Allowed Secured Claim held by the Colorado Department of Revenue

Class 3 – The Allowed Secured Claims held by Wells Fargo Bank, N.A.

Class 4 – The Allowed Secured Claim held by Patterson Dental Supply, Inc. based on the following:

*Class 4A* – Account ending 1176 evidenced by an Installment Sale Contract.

*Class 4B* – Account ending 6623 evidenced by an Installment Sale Contract.

Class 5 – The Allowed Secured Claim held by SNAP Advances, LLC.

Class 6 – The Allowed Secured Claim held by Bankers Healthcare Group, LLC.

Class 7 – The Allowed Claims held by unsecured creditors.

Class 8 – The Interests in the Debtor.

**B. *The Claims***

**1. *Unclassified Priority Claims***

**a. *Administrative Claims***

The holders of Allowed Claims of the type specified in Section 507(a)(2) of the Bankruptcy Code, including the costs and expenses of administration, 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 the particular holders of such Claims. Such Claims shall be paid in full on the Effective Date, or treated as otherwise agreed by the particular holders of such Claims. Administrative Claims that are allowed by the Court after the Effective Date of the Plan shall be paid upon allowance or as otherwise agreed by the particular holders of such Claims.

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 professional



fees set forth above and below are the total fees expected to remain in the case as of the estimated Confirmation Date of the Plan, assuming moderate litigation over the Plan and pending matters, and the payments that have been made during the case through retainers or otherwise.

| <b>Professional</b>          | <b>Approximate fees &amp; costs</b>                              | <b>Estimated fees &amp; costs as of the estimated Effective Date</b>   |
|------------------------------|--|--|
| Kutner Brinen, P.C.          | \$13,140.40 due as of 6-30-18 after application of the retainer. | Increase of approx. \$7,000 for bankruptcy legal services, resulting in an anticipated total balance owed of approximately \$20,500. |
| Hristopolous & Company, P.C. |  | Anticipated total amount owed of approximately \$10,000.   |

## 2. 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). The Tax Claims will be paid in full on the Effective Date of the Plan, or in monthly payments over a period not to exceed five (5) years from the Petition Date, amortized with interest at the statutory rate. The total Tax Claims owed on the Effective Date and not provided for as secured creditors are as follows:

| <b><u>Creditor</u></b>                      | <b><u>Proof of Claim</u></b> | <b><u>Amount</u></b> |
|---|------------------------------|----------------------|
| Colorado Department of Labor & Unemployment | 6-1                          | \$2,850.97           |
| Internal Revenue Service ("IRS") (Priority) | 21-2                         | \$70,747.90          |
| <b>Total</b>                                |                              | <b>\$73,598.56</b>   |

The Debtor will likely pay the claim of the Colorado Department of Labor & Unemployment in full on the Effective Date of the Plan. The Debtor will likely pay the priority claim of the IRS in monthly installments over a period not to exceed five (5) years following the Petition Date together with interest to accrue at a statutory rate. The applicable statutory rate of

interest as of the date of filing the Disclosure Statement is 5% per annum. Assuming that the Debtor pays the IRS's claim over time, the monthly payment will be approximately \$1,516 assuming the Debtor's Plan becomes Effective in August 2018.

**3. Classified Priority Claims**

**a. Class 1 Priority Claims.** Allowed Class 1 Priority Claims shall be paid in full on the Effective Date. The Class 1 claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. The Debtor does not anticipate any Class 1 Claims.

**4. Secured Claims**

**a. Colorado Department of Revenue (Class 2).** The Class 2 Secured Claim is impaired by the Plan. The principal amount of the Class 2 Claim will be allowed in the amount owed on the Confirmation Date of the Plan, and will continue to retain all liens that secure its Claim. The Class 2 Claim shall bear interest at the applicable statutory rate of interest. The applicable statutory rate of interest as of the date of filing the Plan is 7% per annum. The Debtor shall continue to pay the Class 2 Claim \$966.85 per month in accordance with the Stipulated Final Order Authorizing Use of Cash Collateral (Docket No. 55) until paid in full. The Class 2 Claim is anticipated to be paid in full on or about February 15, 2019.

**b. Wells Fargo Bank, N.A. (Class 3).** The Class 3 Secured Claim is impaired by the Plan. The principal amount of the Class 3 Claim will be allowed in the amount of \$299,725.00, and will continue to retain all liens that secure its Claim. The Class 3 Claim shall bear interest at a rate of 5.75% per annum and shall be amortized over a ten (10) year period and paid in equal monthly installments. On the five (5) year anniversary of the Effective Date of the Plan, the Debtor shall pay the outstanding balance due on account of the Class 3 Claim in a single balloon payment on the five (5) year anniversary of the Plan. The Class 3 Claimant shall also receive all amounts recovered under the Debtor's claim currently pending with the Traveler's Insurance Company, less any attorney fees and costs incurred in collecting on such claim.

Upon confirmation of the Plan, the monthly payment on account of the Class 3 Claim will be \$3,290.06, and the balloon payment due on the five (5) year anniversary

of the Effective Date of the Plan will be approximately \$174,497.56. The maximum amount recoverable on account of the Debtor's insurance claim is \$25,000, which amount may be reduced by attorney fees incurred in collecting such claim.

**c. Patterson Dental Supply, Inc. ("Patterson") (Class 4).** The Class 4A and 4B Secured Claims are impaired by the Plan. The Class 4A Claim consists of the allowed secured claim held by Patterson for Account Ending 1176. The Class 4A Claim shall be allowed in the principal amount of \$7,487.00, or, if Patterson objects, an amount fixed by the Court on the Confirmation Date or agreed to by the Debtor and Patterson. The Class 4B Claim consists of the allowed secured claim held by Patterson for Account Ending 6623. The Class 4B Claim shall be allowed in the principal amount of \$27,513.00, or, if Patterson objects, an amount fixed by the Court on the Confirmation Date or agreed to by the Debtor and Patterson. Any remaining amounts owed on account of the Class 4 Claims shall be determined to be unsecured and treated as Class 7 general unsecured claims.

Class 4 Claims will continue to retain all liens securing the Claims, and shall bear interest at a rate of 5.75% per annum, or, if Patterson objects, at a rate determined by the Court or otherwise agreed to by the Debtor and Patterson. The Class 4 Claims shall be amortized and paid over five (5) years in equal monthly installments. The Debtor shall be entitled to make one payment on account of the Class 4 Claims, which payments shall be applied pro rata across the Class 4 Claims.

Assuming that the combined amount of the Class 4 Claims is \$35,000, the monthly payment on account of the Class 4 Claims shall be approximately \$672.59, of which approximately \$143.87 would be attributed to the Class 4A Claim, and approximately \$573.82 would be attributed to the Class 4B Claim.

**d. SNAP Advances, LLC ("SNAP Advances") (Class 5).** The Class 5 Secured Claim is impaired by the Plan. The Class 5 Claim purports to be secured by a lien on Debtor's accounts and accounts receivable. Debtor disputes the validity of the Class 5 Claim, as the Class 5 Claim consists of a loan entered into on behalf of the Debtor by Polyak while fraudulently representing that he was Dr. Shifman. While funds were initially transferred to an account owned by the Debtor, a majority of the

funds were immediately withdrawn by Caravella and Polyak, and the remaining funds were used to make payments to SNAP Advances. As a result, the Debtor did not receive the benefit of the funds, does not believe the claim is enforceable, and intends to file an Objection to claim. To the extent the Class 5 Claim is allowed, on the Effective Date the Class 5 Claim will be deemed unsecured pursuant to 11 U.S.C. § 506 and treated as a Class 7 general unsecured claim.

**e. Bankers Healthcare Group, LLC (“BHG”) (Class 6).** The Class 6 Secured Claim is impaired by the Plan. On the Effective Date, the Class 6 Claim will be deemed unsecured pursuant to 11 U.S.C. § 506 and treated as a Class 7 general unsecured claim.

**5. General Unsecured Claims.**

Class 7 claimants shall receive a pro-rata distribution of \$1,500 per month for period of five (5) years, less the amount necessary to pay any Unclassified Priority Claimant who agrees to accept deferred payment of its claim (“Class 7 Distribution”). Beginning the first full month following the Confirmation Date, the Debtor shall set aside \$1,500 in a segregated account. Each time three months payments have been set aside, the Debtor shall make any payment due to Unclassified Priority Claimants and then the Class 7 Distribution will be made to Class 7 creditors on a pro-rata basis.

The Debtor intends to object to the claims of SNAP Advances and National Funding, Inc. (“National Funding”). If the claims of SNAP Advances and National Funding are disallowed, the total amount of allowed Class 7 claims shall be approximately \$576,375.44, and Class 7 claimants shall receive approximately 15.6% of their allowed claims over five (5) years. If the claims are allowed in full, the total amount of allowed Class 7 claims shall be approximately \$843,688.62, and Class 7 claimants shall receive approximately 10.7% of their allowed claims over five years.

**6. Interests.**

**Class 8, Interests in ABC Dental held by Shifman.** Class 8 includes the Interests in ABC Dental held by the pre-confirmation members. Class 8 is unimpaired by the Plan. On the Effective Date of the Plan all Class 8 interests in ABC Dental shall be retained by the existing interest holder, Dr. Shifman, subject to the terms of the Plan.

Unsecured creditors will not be receiving at least the allowed amount of their unsecured claim under the Plan. As such, the Plan does not comply with the absolute priority rule, and the Debtor will not be seeking a cramdown of the Plan.

***C. Management and Means for Execution of the Plan.***

Pursuant to the Plan, the Debtor shall restructure its debts and obligations and ABC Dental will continue to operate in the ordinary course of business. Funding for the Plan shall be from income derived from ABC Dental's ongoing operations. Dr. Michael Shifman shall continue as the President of ABC Dental. Dr. Shifman is the founder of the Debtor, and is responsible for oversight of the Debtor as well as its day to day operations. As the President the Debtor and as its primary dentist, Dr. Shifman shall receive a salary in the amount of \$150,000 per year.

***D. Default Provisions Under the Plan***

In the event of a default by the Debtor under the Plan, creditors shall be entitled to enforce all rights and remedies against the Debtor for breach of contract, the Plan. Any secured creditor claiming a breach of the Plan by the Debtor will be able to enforce all of their rights and remedies including foreclosure of their deed of trust, security agreement, lien, or mortgage pursuant to the terms of such document. Any creditor claiming a breach by the Debtor must provide written notice to the Debtor of the claimed default, the notice must provide the Debtor a thirty (30) day period within which to cure the claimed default, unless a longer period is specified elsewhere in the Plan. Upon the Debtor's failure to cure the default within such thirty (30) day period, the creditor may proceed to exercise their rights and remedies.

**VIII. PLAN FEASIBILITY**

The Debtor's Plan is feasible. The Debtor has been operating since 2013, and prior to the embezzlement that occurred in 2017, was able to consistently meet its obligations in a timely fashion while generating positive net revenue. In 2016, the Debtor was able to generate approximately \$882,000 in gross revenue, and approximately \$157,000 in net revenue. With the former managers removed, the Debtor will once again be able to focus on growing its operations and generating revenue with which to fund the Plan.

The Debtor has prepared projections, attached hereto as Exhibit C, which reflect a conservative prediction of the Debtor's operations during the term of the Plan. As evidenced by

the projections, the Debtor anticipates that its income will be positive each year of the Plan, and will generate sufficient revenue to meet its obligations under the.

#### IX. RISK TO CREDITORS

This Disclosure Statement contains statements which look into the future. There is no way to determine the accuracy of these statements. While the Debtor has made its best efforts to maximize its revenue streams, if the Debtor loses customers or something happens to Dr. Shifman, the Debtor may not be able to meet its projected revenue and may be unable to make its Plan payments. The Debtor has attempted to be conservative in its analysis and believes that the Plan as proposed offers the best option for creditors. The principal alternative to the Debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. As set forth in Section X below, liquidation of the Debtor will assure a distribution to unsecured creditors less than that proposed by the Plan.

#### X. TAX CONSEQUENCE

The Debtor is 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 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 liabilities 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 such cases, income may have to be recognized. Interest holders may have very complicated tax effects as a result of Plan confirmation. Pursuant to 11 U.S.C. § 1146(c), the issuance, transfer, or exchange of notes or equity securities under the Plan by the Debtor, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or the making or delivery of any deed or instrument of transfer therewith, in furtherance of, or in connection with, the Plan or the Agreements shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

## XI. LIQUIDATION ANALYSIS

The principal alternative to a debtor's reorganization under Chapter 11 is a conversion of the case to Chapter 7 of the Bankruptcy Code. Chapter 7 is the only alternative for ABC Dental under the Bankruptcy Code. Chapter 7 requires the liquidation of the debtor's 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 debtor's assets. The assets would be liquidated and the proceeds distributed to creditors in the order of their priorities. In this case, all of the Debtor's assets are encumbered by liens. If the case were converted to a case under Chapter 7, the Wells Fargo and Patterson would seek relief from stay in order to foreclose on the assets securing their respective claims, and there would be no remaining assets for the Chapter 7 Trustee to liquidate for the benefit of unsecured creditors. As a result, the unsecured creditors would not receive anything in a Chapter 7. In contrast, the Debtor's proposed Plan of Reorganization anticipates paying Class 7 unsecured creditors approximately 19% of their allowed claims<sup>1</sup>.

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<sup>1</sup> Payment of 19% of the allowed claims contemplates disallowance of the claims of SNAP Advances and National Funding. If such claims are allowed in their entirety, unsecured creditors will receive approximately 12% of their allowed unsecured claims.

Dated: July 2, 2018

ABC NEIGHBORHOOD DENTAL &  
ORTHODONTICS, P.C.

By:     /s/ Michael Shifman\*      
Dr. Michael Shifman, President

Kutner Brinen, P.C. ("KB") has acted as legal counsel to ABC Dental on bankruptcy matters during the chapter 11 case. KB has prepared this Disclosure Statement with information provided primarily by the Debtor. The information contained herein has been approved by the Debtor. KB has not made any independent investigation as to the veracity or accuracy of the statements contained herein. The Disclosure Statement is filed subject to the applicable provisions of Bankruptcy Rule 9011.

KUTNER BRINEN, P.C.

By:     /s/ Keri L. Riley      
Jeffrey S. Brinen, #20565  
Keri L. Riley, #47605  
1660 Lincoln Street, Suite 1850  
Denver, CO 80264  
Telephone: (303) 832-2400  
Telecopier: (303) 832-1510

*\* Original signatures maintained at the offices of Counsel for the Debtor.*



**EXHIBITS TO DISCLOSURE STATEMENT**

Exhibit A: Plan of Reorganization Dated July 2, 2018

Exhibit B: List of Unsecured Creditor Claims

Exhibit C: Projections

Exhibit D: Liquidation Analysis

# Exhibit A

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF COLORADO

|                           |   |                       |
|---------------------------|---|-----------------------|
| IN RE:                    | ) |                       |
|                           | ) | Case No. 17-21637-KHT |
| ABC NEIGHBORHOOD DENTAL & | ) |                       |
| ORTHODONTICS, P.C. d/b/a  | ) |                       |
| ABC FAMILY DENTAL &       | ) |                       |
| ORTHODONTICS              | ) |                       |
|                           | ) |                       |
| EIN: 46-3186392           | ) | Chapter 11            |
|                           | ) |                       |
| Debtor.                   | ) |                       |

**PLAN OF REORGANIZATION  
DATED JULY 2, 2018**

ABC Neighborhood Dental & Orthodontics, P.C. d/b/a ABC Family Dental & Orthodontics (“Debtor”), Debtor and Debtor-in-Possession, hereby proposes the following Plan of Reorganization pursuant to Chapter 11, Title 11 of the United States Code.

**ARTICLE I**

**INTRODUCTION**

The Debtor is a Colorado professional corporation engaged in business as a dental practice. The Debtor operates out of a location at 1250 South Buckley Avenue, Unit M, Aurora, Colorado. The Debtor is owned 100% by Michael Shifman, D.D.S. (“Shifman”). Dr. Shifman is a board certified dentist licensed to practice in the State of Colorado. He is the CEO of the Debtor and manages its day-to-day affairs.

This Plan provides for the reorganization of the Debtor under Chapter 11 of the Bankruptcy Code. Pursuant to the Plan, the Debtor shall restructure its debts and obligations and continue to operate in the ordinary course of business. A more complete history of the Debtor, its operations, an explanation of this Plan, and a description of the Debtor’s financial condition and future business activity is contained in the Disclosure Statement which accompanies this Plan. Reference should be made to the Disclosure Statement by all creditors and parties who intend to cast a ballot for or against this Plan.

## ARTICLE II

### DEFINITIONS

2.01 - Administrative Claim shall mean a Claim for payment of an administrative expense of a kind specified in § 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to § 507(a)(2) of the Bankruptcy 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 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 pursuant to a Final Order of the Bankruptcy Court under § 546(c)(2) of the Bankruptcy Code.

2.02 - Allowed Claim shall mean a claim in respect of which a Proof of Claim has been filed with the Court within the applicable time period of limitation fixed by Court Order in this case or scheduled in the list of creditors prepared and filed with the Court pursuant to Bankruptcy Rule 1007(b) and not listed as disputed, contingent or unliquidated as to amount, in either case as to which no timely objection to the allowance thereof has been filed pursuant to Bankruptcy Rules 3001 and 3007 or as to which any such objection has been determined by a Final Order.

2.03 - Allowed Secured Claim shall mean an allowed claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is subject to setoff under § 553 of the Code, to the extent of the value (determined in accordance with § 506(a) of the Code) of the interest of the holder of any such allowed claim and the Debtor's interest in such property or to the extent of the amount subject to such setoff as the case may be.

2.04 - Avoidance Actions means the Debtor's estate's interest in any and all Claims, rights and causes of action which have been or may be commenced by or on behalf of the Debtors to avoid and recover any transfers of property determined to be preferential, fraudulent or otherwise avoidable pursuant to §§ 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code, or under any other applicable law, or otherwise

subject to equitable subordination under §510 of the Bankruptcy Code, regardless of whether or not such actions have been commenced prior to the Effective Date.

2.05 - Claim shall mean any right to payment, or right to any equitable remedy for breach of performance if such breach gives rise to the right to payment, against the Debtors in existence on or as of the Petition Date, whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, secured or unsecured.

2.06 - Class shall mean any Class into which Allowed Claims are classified pursuant to Article III.

2.07- Class 1-8 Claims and Interests shall mean the Allowed Claims and Interests so classified in Article III.

2.08 - Code shall mean the Bankruptcy Code, 11 U.S.C. § 101 *et seq.* and any amendments thereof.

2.09 - Confirmation Date shall mean the date upon which the Order of Confirmation is entered by the Court.

2.10 - Court shall mean the United States Bankruptcy Court for the District of Colorado in which the Debtors' respective Chapter 11 cases are pending, pursuant to which this Plan is proposed, and any Court having competent jurisdiction to hear appeal or certiorari proceedings therefrom.

2.11 - Debtor shall mean the Debtor who is proposing this Chapter 11 Plan.

2.12 - Disclosure Statement shall mean the Disclosure Statement which is approved by the Court according to 11 U.S.C. § 1125 to be utilized to solicit votes for this Plan.

2.13 - Disputed Claim means any Claim which is not an Allowed Claim, including, without limitation, any Claim designated as disputed, contingent or unliquidated in Debtor's schedules filed in connection with this case, or any Claim against which an objection to the allowance thereof has been interposed, and as to which no Final Order has been entered.

2.14 - Effective Date of the Plan shall mean the date on which the Order of Confirmation is entered and becomes final, or if a stay is entered pending appeal of the Order of Confirmation, the date on which the stay is no longer in effect.

2.15 - Final Order shall mean an order or judgment of the Court which shall not have been reversed, stayed, modified or amended and as to which (a) the time to appeal from or to seek review, rehearing or certiorari shall have expired, and (b) no appeal or petition for review, rehearing or certiorari is pending or if appealed shall have been affirmed, or the appeal dismissed by the highest court to which such order was appealed, or if review, rehearing or certiorari was sought, such review, rehearing or certiorari has been denied and no further hearing, appeal or petition for review, rehearing or certiorari can be taken or granted or as to which any right to appeal or to seek a review, rehearing or certiorari has been waived.

2.16 - Gross Revenue shall mean the gross revenue actually received by the Debtor from the operation of its business, less sales and other taxes collected.

2.17 - Interest shall mean any member or shareholder interest or any other instrument evidencing any ownership interest in the Debtors and any option, warrant or right of any nature, contractual or otherwise, to acquire a member or other ownership interest in the Debtors existing as of the Petition Date.

2.18 - Order of Confirmation shall mean the Order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code.

2.19 - Petition Date shall mean the date on which the voluntary petition was filed by the Debtor on December 26, 2017.

2.20 - Plan shall mean this Plan of Reorganization, as amended in accordance with the terms hereof or modified in accordance with the Code, including all exhibits and schedules attached hereto or referenced herein or therein.

2.21 - Priority Claim means any pre-petition Claim entitled to a priority in payment under § 507(a) of the Code, but shall not include any Administrative Claim or Tax Claim.

2.22 - Pro Rata shall mean the ratio of an Allowed Claim or Interest in a particular Class to the aggregate amount of all Allowed Claims or Interests in that Class.

2.23 - Professional Fees means the Administrative Claims for compensation and reimbursement submitted pursuant to Section 330, 331 and 503(b) of the Code by a Professional Person.

2.24 - Rules shall mean the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules for the District of Colorado as adopted by the Court.

2.25 - Tax Claim means any unsecured Claim of a governmental unit for taxes entitled to priority pursuant to 11 U.S.C. § 507(a)(8).

2.26 - Unclassified Priority Claims shall mean Claims pursuant to Section 507(a)(2) which are Administrative Claims allowed under Section 503(b) of the Code and any fees and charges against the estate under Chapter 123 of Title 28 of the United States Code and shall further mean Allowed Unsecured Claims of governmental units to the extent provided for in Section 507(a)(8) of the Code.

2.27 - Other Definitions. Unless the context otherwise requires, any capitalized term used and not defined herein or elsewhere in the Plan but that is defined in the Code or Rules shall have the meaning set forth therein.

### ARTICLE III

#### DESIGNATION OF CLAIMS AND INTERESTS

The following is a designation of all classes of Claims and Interests other than those Claims of a kind specified in Sections 507(a)(2), 507(a)(3) or 507(a)(8) of the Code.

Class 1 - All Allowed Unsecured Claims specified in Section 507(a)(4) and 507(a)(5) of the Code as having priority.

Class 2 – The Allowed Secured Claim held by the Colorado Department of Revenue

Class 3 – The Allowed Secured Claims held by Wells Fargo Bank, N.A.

Class 4 – The Allowed Secured Claim held by Patterson Dental Supply, Inc. based on the following:

*Class 4A* – Account ending 1176 evidenced by an Installment Sale Contract.

*Class 4B* – Account ending 6623 evidenced by an Installment Sale Contract.

Class 5 – The Allowed Secured Claim held by SNAP Advances, LLC

Class 6 – The Allowed Secured Claim held by Bankers Healthcare Group, LLC.

Class 7 – The Allowed Claims held by unsecured creditors.

Class 8 – The Interests in the Debtor.

#### **ARTICLE IV**

#### **SPECIFICATION AND TREATMENT OF UNCLASSIFIED PRIORITY CLAIMS**

As provided in Section 1123(a)(1) of the Code, the Claims against the Debtor covered in this Article IV are not classified. The holders of such Allowed Claims are not entitled to vote on the Plan.

4.1 - 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 treated 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 or as otherwise agreed.

4.2 - The Allowed Claims of a type specified in Section 507(a)(8) of the Code, Tax Claims of governmental taxing authorities, shall be paid on the Effective Date of the Plan or in monthly payments for a period that does not exceed five years from the Petition Date with interest at the appropriate rate set by applicable statute. The Debtor shall have the option to accelerate payments without penalty. The first monthly payment shall be due on the last day of the first full month following the Effective Dates.

4.3 - The Debtor will make all payments required to be paid to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted, or dismissed. All payments due 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.



**ARTICLE V**  
**SPECIFICATION AND TREATMENT OF CLASS 1 CLAIMS**

5.1 - Allowed Class 1 Claims shall be paid in full on the Effective Date. The Class 1 Claims for certain pre-petition wages and employee Claims are more particularly described in Sections 507(a)(4) and 507(a)(5) of the Code. The Debtor does not expect that any claims will exist in these Classes.

**ARTICLE VI**  
**SPECIFICATION AND TREATMENT OF SECURED CREDITOR CLAIMS**

6.1 – **Class 2, Colorado Department of Revenue.** The Class 2 Secured Claim consists of the Allowed Secured Claim held by the Colorado Department of Revenue (“CDR”) secured by a statutory lien on the Debtor’s assets located in the State of Colorado. The Class 2 Secured Claim is impaired by this Plan. The Class 2 Claim will be treated under the Plan as follows:

a. The principal amount of the Class 2 claim will be allowed in the amount due on the Effective Date of the Plan in accordance with the proof of claim filed by the CDR or in an amount otherwise allowed by the Court.

b. The lien position held by the Class 2 claimant shall be unaltered by the Plan, and shall remain in effect until the Class 2 creditor’s secured claim is satisfied or the underlying Property is sold.

c. As of the Effective Date of the Plan, the Class 2 claim shall bear interest at the applicable statutory rate of interest.

d. The holder of the Class 2 Claim shall receive equal monthly installments of principal and interest until the Class 2 Claim is paid in full. The amount of each payment shall be the same amount as set forth in the Stipulated Order Authorizing Use of Cash Collateral (Docket No. 55).

e. The Debtor may pre-pay the Class 2 Claim, including all principal and interest, without penalty at any time.

6.2 – **Class 3, Wells Fargo Bank, N.A.** The Class 3 Secured Claim consists of the Allowed Secured Claim held by Wells Fargo Bank, N.A. secured by a lien on

substantially all of the Debtor's property. The Class 3 Secured Claim is impaired by this Plan. The holder of the Class 3 Allowed Secured Claim shall be treated and paid as follows:

a. The principal amount of each of the Class 3 Claim shall be deemed fully secured and allowed in an amount of \$299,725.00.

b. The Class 3 Claim shall bear interest at the rate of 5.75% per annum commencing on the Effective Date of the Plan.

c. The Class 3 claimant's liens that secure its claims as of the Effective Date of the Plan shall continue to secure its claims until the Class 3 Claims are paid in accordance with this Plan.

d. The Class 3 Claim shall be amortized over a ten (10) year period and paid in equal monthly installments. Notwithstanding the amortization period, the outstanding balance of the claim shall be paid in a single balloon payment on the five (5) year anniversary of the Effective Date of the Plan.

e. Any additional amounts paid by the Debtor above and beyond the monthly payment shall be applied to the principal balance of the claim.

f. In addition to the amount set forth above, the Class 3 Claimant shall be entitled to receive any amounts recovered under the Debtor's claim currently pending with the Traveler's Insurance Company, less any attorney fees and costs necessarily incurred in collecting on such claim.

g. The Debtor shall have the right to pre-pay the Class 3 Claim at any time during the term of the Plan without penalty.

**6.3 – Class 4, Patterson Dental Supply, Inc.** The Class 4A and 4B Allowed Secured Claims (collectively, the "Class 4 Claims") consist of the secured claims held by Patterson Dental Supply, Inc., and secured by purchase money security interests on certain equipment owned by the Debtor. The Class 4 Claims are impaired by this Plan. The Class 4 Claims shall be treated and paid as follows:

a. The principal amount of the Class 4A Claim shall be allowed in: (i) the amount of \$7,350; or, if the Class 4A Claimant objects, (ii) an amount fixed by the Court on the Confirmation Date, or (iii) an amount agreed to by the Debtor and the Class 4A Claimant.

b. The principal amount of the Class 4B Claim shall be allowed in: (i) the amount of \$27,650; or, if the Class 4B Claimant objects, (ii) an amount fixed by the Court on the Confirmation Date, or (iii) an amount agreed to by the Debtor and the Class 4B Claimant.

c. The Class 4 Claims shall each bear interest at the rate of: (i) 5.75% per annum commencing on the Effective Date of the Plan; or if the Class 4 Claimant objects, (ii) at a rate to be determined by the Court as necessary to satisfy the requirements of 11 U.S.C. § 1129(b) of the Code; or (iii) such other rate as agreed by Debtor and the Class 4 Claimant.

d. The Class 4 Claimant's liens that secure its claims as of the Effective Date of the Plan shall continue to secure its claims until the Class 4 Claims are paid in accordance with this Plan.

e. The Class 4 Claims shall be amortized and paid over five (5) years in equal monthly installments of principal and interest.

f. The Debtor shall be entitled to make one payment to the Class 4 Claimant on account of all Class 4 Claims. Each payment will be applied pro rata across the Class 4A and 4B Claims.

g. Any amount owed to the Class 4 Claimant that is determined to be unsecured pursuant to 11 U.S.C. § 506 shall be treated as a Class 7 general unsecured claims.

**6.4 – Class 5, SNAP Advances, LLC.** The Class 5 Secured Claim consists of the Allowed Secured Claim held by SNAP Advances, LLC. The Class 5 Claim purports to be secured by the Debtor's equipment, accounts, and accounts receivable. The Debtor disputes the validity of the Class 5 Claim. The Class 5 Secured Claim is impaired by this Plan. To the extent allowed, the Class 5 Claim shall be determined to be unsecured pursuant to 11 U.S.C. § 506 on the Effective Date of the Plan, as the value of the collateral securing the claim does not exceed the amount of the Class 2 through 4 Claims. To the extent or if the Class 5 Claim is allowed in an amount determined by the Bankruptcy Court, the Class 5 Claim shall be treated as a Class 7 general unsecured claim.

**6.5 – Class 6, Bankers Healthcare Group, LLC.** The Class 6 Secured Claim consists of the Allowed Secured Claim held by Bankers Healthcare Group, LLC. The Class 6 Claim secured by the Debtor’s equipment, accounts, and accounts receivable. The Class 6 Secured Claim is impaired by this Plan. To the extent allowed, the Class 6 Claim shall be determined to be unsecured pursuant to 11 U.S.C. § 506 on the Effective Date of the Plan. The Class 6 Claim shall be allowed in an amount owed on the Effective Date and treated as a Class 7 general unsecured claim.

**ARTICLE VII**  
**SPECIFICATION AND TREATMENT OF**  
**UNSECURED CREDITOR CLAIMS**

7.1 – Class 7 consists of those unsecured creditors of the Debtor who hold Allowed Claims. Class 7 claimants shall receive a pro-rata distribution of \$1,500 per month for a five-year period, less the amount necessary to pay any Unclassified Priority Claimant who agrees to accept deferred payment of its claim (“Class 7 Distribution”). Commencing on the first full month following the Confirmation Date, the Debtor shall at the conclusion of each month, set aside \$1,500 in a segregated account. Each time three months payments have been set aside, the Debtor shall make any payment due to Unclassified Priority Claimants and then the Class 7 Distribution will be made to Class 7 creditors on a pro-rata basis.

7.2 - In addition to the distribution set forth above, Class 7 shall be entitled to receive the proceeds whether obtained by litigation or settlement, net of attorney fees, expert fees, costs, obtained from any action undertaken by the Debtor to collect Avoidance Actions and net of any unpaid Unclassified Priority Claims.

**ARTICLE VIII**  
**SPECIFICATION AND TREATMENT OF CLASS 8 INTERESTS**

8.1 - Class 8 includes the Interests in the Debtor held by the pre-confirmation interest holders. Class 8 is unimpaired by this Plan. On the Effective Date of the Plan the Class 8 Interest Holder shall retain his Interest in the Debtor which he owned prior to the Confirmation Date, subject to the terms of the Plan.

**ARTICLE IX**  
**MEANS FOR THE PLAN'S EXECUTION**

9.1 - **Operation of Business.** The Debtor shall be empowered to take such action as may be necessary to perform its obligations under this Plan.

9.2 – **Management Fees and Costs.** The Debtor shall be entitled to compensate its officers and directors with reasonable compensation for services following confirmation of the Plan. Funding for such fees will be derived from the operation of the Debtor’s business.

9.3- **Effectuating the Plan.** On the Effective Date of the Plan, Shifman shall be appointed as the agent of the Debtor, pursuant to appropriate corporate law, pursuant to 11 U.S.C. §1142(b) for the purpose of carrying out the terms of the Plan, and taking all actions deemed necessary or convenient to consummating the terms of the Plan, including but not limited to execution of documents.

9.4 - **Disputed Claim Procedure.** Distributions to any class of creditor will only be made on account of Allowed Claims. In the event that distributions are made at a time that a claim objection is pending before the Court or a judgment has entered to establish a Claim and the judgment is not subject to a Final Order, the portion of the distribution that would be paid to the disputed claimant will be held in an interest bearing bank account until the Claim is Allowed or disallowed. If Allowed, the Claim will be paid its appropriate share of the withheld payment. If disallowed, the withheld distribution will be paid on a Pro Rata basis to the remaining impaired Allowed claimants, or if all holders of Allowed Claims have been paid in full, paid to Debtors.

9.5 - **Claims and Litigation Bar Date and Standing.** All Claim objections and Avoidance Actions in the case must be filed no later than 90 days following the Effective Date. The Debtor shall have standing to commence, prosecute, and settle claim objections, Litigation, and avoidance actions without need for Court approval.

9.6 - **Administrative Expense Bar Date.** All applications for allowance and payment of Administrative Claims, including Professional Fees, must be filed within 45 days following the Effective Date of the Plan.

9.7 - **Monthly Installments.** Whenever the Plan provides for payment in monthly installments or a payment due in a certain month, the payment shall be due on

the last day of the calendar month in which the payment is due, unless otherwise specified in the Plan. The Debtor shall then have a fifteen (15) day grace period within which the monthly payment must be received by the payee before the Debtor shall be in default, unless a longer period is specified elsewhere in the Plan.

**9.8 - Final Decree.** The Debtor 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.

**9.9 - Quarterly Fees.** Prior to the entry of the final decree, the Debtor shall continue to remit quarterly fees and post-confirmation reports to the United States Trustee, as required by statute.

**9.10 - Exemption from Transfer Taxes.** Pursuant to Section 1146(c) of the Code, the issuance, transfer, or exchange of notes or equity securities under the Plan by the Debtor, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or the making or delivery of any deed or instrument of transfer under, in furtherance of, or in connection with the Plan shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

**9.11 – Contractual Relationship and Default.** The Plan, upon confirmation, constitutes a new contractual relationship by and between the Debtor and its creditors. In the event of a default by the Debtor under the Plan, creditors shall be entitled to enforce all rights and remedies against the Debtor for breach of contract, the Plan. Any secured creditor claiming a breach of the Plan by the Debtors will be able to enforce all of their rights and remedies including foreclosure of their deed of trust, security agreement, lien, or mortgage pursuant to the terms of such document. Any creditor claiming a breach by the Debtor must provide written notice to the Debtor of the claimed default, the notice must provide the Debtor a thirty (30) day period within which to cure the claimed default, unless a longer period is specified elsewhere in the Plan. Upon the Debtor's failure to cure the default within such thirty (30) day period, the creditor may proceed to exercise their rights and remedies.

**9.12 – Independent Provisions.** Should it be determined by the Court that any provision of the Plan is impermissible or grounds for the denial of confirmation, the Debtor shall have the right, but not the obligation, to delete the impermissible provision

and proceed with confirmation of the Plan provided that deletion of the offensive provision would result in a confirmable Plan.

9.13 - **Avoidance Actions.** The Debtor has authority post-confirmation to pursue all Avoidance Actions for the benefit of creditors and the enhancement of distributions under the terms of the Plan. The Debtor shall have sole authority to determine whether to pursue through litigation or settle any avoidance action. Any settlement shall require notice to creditors and opportunity for a hearing. The Debtor may retain counsel to recover the Avoidance Actions on reasonable terms without need for Court approval of fees or costs.

9.14 – **Professional Retention Post-Confirmation.** Court approval shall not be required for either professional retention or compensation following the Effective Date of the Plan.

9.15 – **Post-Confirmation Reports.** The Debtor shall continue to prepare and file all required reports under the United States Trustee Operating Guidelines and Reporting Requirements through such time as the Debtor’s case is closed. Creditors may request additional information, including information regarding the Debtor’s post-confirmation income and calculations of distributions to creditors at any time by sending a written request to the Debtor with a copy to counsel for the Debtor.

## **ARTICLE X**

### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

10.1 - On the Effective Date of the Plan, the Debtor hereby assumes those executory contracts and unexpired leases listed in Exhibit A attached hereto and incorporated herein by reference, which have not been assumed by prior Order of the Court prior to the Confirmation Date. On the date of the entry of an Order confirming the Plan, the Debtor shall be the holders of all right, title and interest to the assumed leases and contracts and such assumed leases and contracts shall be in full effect and binding upon the Debtor and the other parties thereto. Confirmation of the Plan shall constitute a determination that the payments to be made to said creditors pursuant to the Plan satisfy all conditions precedent to assumption and assignment set forth in 11 U.S.C. §365(b) and (f).

10.2 - On the Effective Date of the Plan, the Debtor will reject all executory contracts and unexpired leases to which they are a party which are listed in Exhibit B, attached hereto and incorporated herein by reference which have not been rejected by prior Order of the Bankruptcy Court prior to the Confirmation Date. Executory contracts and unexpired leases will be rejected pursuant to the provisions of 11 U.S.C. §365. Any executory contract or unexpired lease not assumed in accordance with the Plan shall be rejected.

10.3 - An Order confirming this Plan constitutes approval by the Court of the assumption or rejection of the executory contracts and unexpired leases described herein in accordance with the provisions of 11 U.S.C. §365 and the Rules.

10.4 - **Claims Arising from Rejection.** All proofs of claim with respect to claims arising from the rejection of any executory contract or unexpired lease shall be filed with the Bankruptcy Court within twenty (20) days after the earlier of (i) the date of the Bankruptcy Court order approving the Debtor's rejection of such executory contract or unexpired lease or (ii) the Confirmation Date. Any claims not filed within such time shall be forever barred against the Debtor, its estate and property and any such Claims shall be disallowed in full. Claims arising from such rejection, to the extent Allowed, shall be treated as a Class 7 Unsecured Claim.

## ARTICLE XI MISCELLANEOUS PROVISIONS

11.1 **Revestment.** On the Effective Date of the Plan all property of the estates shall revert in the Debtor free and clear of all liens except those specifically set forth in the Plan or as otherwise provided in the Plan.

11.2 **Retention of Jurisdiction.** Notwithstanding confirmation of the Plan, the Court shall retain jurisdiction for the following purposes:

1. Determination of the allowability of claims upon objection to such claims by the Debtor-in-Possession or by any other party in interest;
2. Determination of the request for payment of claims entitled to priority under 11 U.S.C. Section 507(a)(2), including compensation of the parties entitled thereto;



3. Resolution of any disputes regarding interpretation of the Plan;
4. Implementation of the provisions of the Plan and entry of orders in aid of consummation of the Plan, including without limitation, appropriate orders to protect the revested Debtor from action by creditors;
5. Modification of the Plan pursuant to 11 U.S.C. §1127;
6. Adjudication of any causes of action, including avoiding powers actions, brought by the Debtor-in-Possession, by the representative of the estate or by a Trustee appointed pursuant to the Code;
7. Adjudication of any cause of action brought by the Debtor-in-Possession, Creditors Committee, by a representative of the estate, or by a Trustee appointed pursuant to the Code, or the revested Debtor exercising rights and powers as provided in 11 U.S.C. §§ 542-549. This section shall not be construed to limit any other power or right which the Debtor may possess under any section of the Code;
8. To close the case after the Plan becomes effective and reopen it when Plan payments are completed to enter the discharge order; and
9. Enter a Discharge and Final Decree

11.3 - **Satisfaction of Claims.** The Debtor shall receive a discharge on the Effective Date of the Plan pursuant to Section 1141(d). Confirmation of the Plan shall constitute a modification of any note or obligation for which specification and treatment is provided under the Plan as set forth in the Plan. Any obligation or note, previously in default, so modified, shall be cured as modified as of the Effective Date. This provision shall be operable regardless of whether the Plan provides for any obligation to be evidenced by a rewritten loan or security document following confirmation of the Plan. During the time period from the Confirmation Date through the Discharge Date, no creditor affected by the Plan shall have the right to pursue any claims, either in Bankruptcy Court or State Court, except for any remedies as a result of the Debtors' breach of the Plan. This provision neither expands nor detracts the jurisdiction of the Bankruptcy Court conferred under the Bankruptcy Code.

11.4 **Headings.** The headings used in the Plan are for convenience of reference only and shall not limit or in any manner affect the meaning or interpretation of the Plan.

11.5 **Notices.** All notices, requests, demands, or other communications required or permitted in this Plan must be given in writing to the party(ies) to be notified. All communications will be deemed delivered when received at the following addresses:

a. To:

ABC Neighborhood Dental & Orthodontics  
c/o Michael Shifman  
1250 South Buckley Road  
Aurora, CO 80017

With a copy to:

Jeffrey S. Brinen, Esq.  
Keri L. Riley, Esq.  
Kutner Brinen, P.C.  
1660 Lincoln St., Suite 1850  
Denver, CO 80264  
Fax: 303-832-1510  
Email: [jsb@kutnerlaw.com](mailto:jsb@kutnerlaw.com)  
Email: [klr@kutnerlaw.com](mailto:klr@kutnerlaw.com)

b. To an allowed claimant, at the addresses set forth in the allowed Proof of Claim, if filed, or, at the address set forth for the claimant in the Debtors' Schedules filed with the Court.

11.6 - **Successors and Assigns.** The Plan will be binding upon the Debtor, any creditor affected by the Plan and their heirs, successors, assigns and legal representatives.

11.7 - **Unclaimed Payments.** If a person or entity entitled to receive a payment or distribution pursuant to this Plan fails to negotiate a check, accept a distribution or leave a forwarding address in the event notice cannot be provided as set forth in paragraph 11.5, within three months of the Effective Date of the Plan, the person or

entity is deemed to have released and abandoned any right to payment or distribution under the Plan.

11.8 - **Committee Existence.** Any Creditors Committee appointed in the bankruptcy case shall terminate on the Effective Date of the Plan.

**ARTICLE XII**  
**CONFIRMATION REQUEST**

12.1 - The Debtor, as proponent of the Plan, requests confirmation of the Plan pursuant to 11 U.S.C. §1129. The Debtor will solicit acceptance of the Plan after its Disclosure Statement has been approved by the Court and is transmitted to the creditors, interest holders and parties in interest. In the event the Debtor does not obtain the necessary acceptances of its Plan, they may make application to the Court for confirmation of the Plan pursuant to 11 U.S.C. §1129(b). The Court may confirm the Plan if it does not discriminate unfairly and is fair and equitable with respect to each class of Claims or Interests that is impaired and has not voted to accept the Plan.

DATED: July 2, 2018

ABC NEIGHBORHOOD DENTAL &  
ORTHODONTICS, P.C

By: /s/Michael Shifman\*  
Michael Shifman, CEO

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Email: [klr@kutnerlaw.com](mailto:klr@kutnerlaw.com)

ATTORNEYS FOR DEBTOR

*\*Original signature maintained on file at the offices of counsel for the Debtor*

**EXHIBIT A**

**Executory Contracts and Unexpired Leases Assumed**

1. All contracts and leases previously assumed or for which a motion to assume is pending.
2. All contracts and leases not specifically rejected.

**EXHIBIT B**

**Executory Contracts and Unexpired Leases Rejected**

1. All leases and contracts previously rejected by Court Order or for which a motion to reject is pending.

# Exhibit B

**ABC Neighborhood Dental**

Exhibit B to Disclosure Statement

| Unsecured Creditor  | Claim # | Amount of Claim on |                | Amount of Claim for    | Notes              |
|---|---------|--------------------|----------------|------------------------|--------------------|
|   |         | Schedule D/E/F     | Proof of Claim |                        |                    |
| 3M Unitek   | N/A     |                    | \$2,600.92     | \$2,600.92             |                    |
| Aesthetic Solution  | N/A     |                    | \$6,000.00     | \$6,000.00             |                    |
| Answering Service Care                                    | N/A     |                    | \$1,654.00     | \$1,654.00             |                    |
| Armor Security Systems, Inc.                              | N/A     | Unknown            |                | \$0.00                 |                    |
| AT&T Mobility   | N/A     |                    | \$203.49       | \$0.00                 | Listed as Disputed |
| Bankers Healthcare Group c/o Pinnacle Bank (6189)         | 8       |                    | \$18,013.81    | \$18,063.81 (POC 8-1)  | \$18,063.81        |
| BioHorizons Global Headquarters                           | N/A     |                    | \$3,000.00     | \$3,000.00             |                    |
| Brasseler Dental USA                                      | 3       |                    | \$2,067.49     | \$1,879.54 (POC 3-1)   | \$1,879.54         |
| Burkhart Dental Supplies                                  | N/A     |                    | \$6,403.79     | \$6,403.79             |                    |
| CitiBank  |         | Unknown            |                | \$0.00                 |                    |
| CitiCard Visa   | N/A     |                    | \$25,862.52    | \$25,862.52            |                    |
| Colorado Medical Waste, Inc.                              | N/A     |                    | \$152.00       | \$152.00               |                    |
| Darby Dental Supply, LLC                                  | N/A     |                    | \$11,446.57    | \$11,446.57            |                    |
| Dr. Dafne Ellis   | N/A     |                    | \$3,000.00     | \$3,000.00             |                    |
| Everbank Commercial Finance (0943)                        | 12      |                    | \$4,098.23     | \$474.34 (POC 11-1)    | \$474.34           |
| Everbank Commercial Finance (0943)                        | 13      |                    | \$0.00         | \$2,151.00 (POC 13-1)  | \$2,151.00         |
| Everbank Commercial Finance (2828)                        | 10      |                    | \$0.00         | \$2,249.20 (POC 10-1)  | \$2,249.20         |
| Everbank Commercial Finance (2828)                        | 11      |                    | \$0.00         | \$474.34 (POC 12-1)    | \$474.34           |
| Henry Schein Orthodontics                                 | 20      |                    | \$10,808.85    | \$17,334.47 (POC 20-1) | \$17,334.47        |
| John Donahue  | N/A     | Unknown            |                | \$0.00                 |                    |
| National Funding, Inc.                                    | 4       |                    | \$135,006.18   | \$134,956.18 (POC 4-1) | \$134,956.18       |
| Pan Am Dental, Inc.                                       | N/A     |                    | \$3,107.26     | \$3,107.26             |                    |
| Patterson Dental Supply, Inc.                             | 14      |                    | \$91,650.56    | \$13,130.67 (POC 14-1) | \$13,130.67        |
| Patterson Dental Supply, Inc. (Class 4B Deficiency Claim) | 15      |                    | \$0.00         | \$26,057.00            |                    |
| Patterson Dental Supply, Inc.                             | 16      |                    | \$0.00         | \$1,291.7 (POC 16-1)   | \$1,291.79         |
| Patterson Dental Supply, Inc. (Class 4A Deficiency Claim) | 17      |                    | \$0.00         | \$7,091.00             |                    |
| Patterson Dental Supply, Inc.                             | 18      |                    | \$0.00         | \$10,560.38 (POC 18-1) | \$10,560.38        |
| Patterson Dental Supply, Inc.                             | 19      |                    | \$0.00         | \$122.15 (POC 19-1)    | \$122.15           |
| Peoples Dental Laboratory DDS                             | N/A     |                    | \$9,000.00     | \$9,000.00             |                    |
| Pinnacle Bank   | 2       |                    | \$18,050.00    | \$18,038.81 (POC 2-1)  | \$18,038.81        |
| Prowest International Dental Services                     | 9       |                    | \$3,105.75     | \$3,374.58 (POC 9-1)   | \$3,374.58         |
| Somerset Village SPE, LLC                                 | 5       |                    | \$12,000.00    | \$10,226.81 (POC 5-1)  | \$0.00             |
| US Bank Visa  |         |                    | \$7,864.13     | \$7,864.13             |                    |
| Wells Fargo Visa  |         |                    | \$24,211.28    | \$24,211.28            |                    |

Paid pursuant to Stipulation for  
Assumption of Lease

|   |              |                         |                     |
|---|--------------|-------------------------|---------------------|
| SNAP Advances                               | \$132,207.00 | \$132,357 (POC 1-1)     | \$132,357.00        |
| IRS (Unsecured Claim                        | \$0.00       | \$7,057.66 (POC 21-2)   | \$7,057.66          |
| Bankers Healthcare Group (Deficiency Claim) | \$332,995.00 | \$342,722.33 (POC 22-1) | \$342,722.23        |
| <b>Total</b>                                |              |                         | <b>\$843,688.62</b> |



# Exhibit C

# Exhibit D

| Exhibit D  |              |                       |                    |
|--|--------------|-----------------------|--------------------|
| Asset  | Value        | Cost of Sale/Recovery | Net Value          |
| Wells Fargo Debtor in Possession Account (as of 6-30-18) | \$5,170.12   | 0                     | \$5,170.12         |
| Deposit held by Sommerset Village (Landlord)             | \$0.00       |                       | \$0.00             |
| Accounts Receivables (as of 5-30-18)                     | \$38,371.24  | \$7,674.25            | \$30,696.99        |
| Dental Supplies  | \$5,000.00   | \$500.00              | \$4,500.00         |
| Office Furniture   | \$2,000.00   | \$200.00              | \$1,800.00         |
| Operatory Room Equipment and Furniture                   | \$40,000.00  | \$4,000.0             | \$36,000.00        |
| Key Man Life Insurance Policy                            | \$0.00       | 0                     | \$0.00             |
| Claims against Vladislav Polyak and Marisa Caravella     | \$0.00       |                       | \$0.00             |
| Insurance Claim for Embezzlement                         | \$25,000.00  | \$5,000.0             | \$20,000.00        |
| Company Website  | \$0.00       |                       | \$0.00             |
| <b>Total</b>   |              |                       | <b>\$98,167.11</b> |
| Wells Fargo Secured Claim                                | \$299,725.00 |                       |                    |
| Distribution to Unsecured Creditors                      | \$0.00       |                       |                    |