

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION  
[www.flsb.uscourts.gov](http://www.flsb.uscourts.gov)

In re:

M.O.R. Printing, Inc.,

Case No. 17-11570-JKO

Chapter 11

Debtor-In-Possession.

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**DISCLOSURE STATEMENT IN SUPPORT OF CHAPTER 11  
PLAN OF REORGANIZATION FOR M.O.R. PRINTING, INC.**

January 16, 2018

M.O.R. PRINTING, INC. the Debtor-In-Possession, by and through undersigned counsel files this Disclosure Statement in accordance with the provisions of 11 U.S.C. §1125, in order to provide Creditors entitled to vote on the proposed Plan of Reorganization with adequate information in order to make an informed vote upon the proposed plan.

DEBTOR:

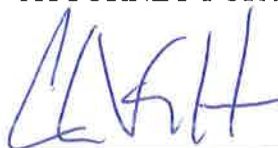
M.O.R. Printing

By: 

Owen Luttinger

Its: President

ATTORNEY FOR DEBTOR:



Chad T. Van Horn, Esq.  
Van Horn Law Group, P.A.  
Florida Bar No. 64500

**IMPORTANT: THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT  
MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED  
CHAPTER 11 PLAN. PLEASE READ THIS DOCUMENT WITH CARE**

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    On February 8, 2017, (the “Petition Date”), the Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* (the “Bankruptcy Code”). Debtor has continued to operate its business as a Debtor-in-Possession pursuant to 11 U.S.C. §§1107 and 1108. Since the Petition Date, numerous pleadings have been filed, all of which are of public record with the Bankruptcy Court Clerk’s Office, United States Bankruptcy Court for the Southern District of Florida, United States Courthouse, 299 East Broward Blvd., Room 112, Ft. Lauderdale, FL 33301. The Debtor has complied with all Court orders and United States Trustee Guidelines..... 15

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**DISCLOSURE STATEMENT IN SUPPORT OF  
CHAPTER 11 PLAN OF REORGANIZATION FOR MOR PRINTING, INC.**

<p style="text-align: center;"><b>DEBTOR RESERVES THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE DISCLOSURE AND/OR CONFIRMATION HEARING</b></p>
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**I. INTRODUCTION**

MOR Printing, Inc. (the “Debtor”) has proposed its Plan of Reorganization (the “Plan”) under Chapter 11 of the United States Bankruptcy Code. Creditors have the opportunity to vote to accept or reject the Plan. The Plan is summarized in this Disclosure Statement (the “Disclosure Statement”).<sup>1</sup> The Plan provides the means for distributing the funds collected by the Debtor to creditors.

The Disclosure Statement is presented to certain holders of Claims against the Debtor in accordance with the requirements of section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 – 1330 (the “**Bankruptcy Code**”). Section 1125 of the Bankruptcy Code, requires that a disclosure statement provide information sufficient to enable a hypothetical and reasonable investor, typical of the Debtor’s Creditors, to make an informed judgment whether to accept or reject the Plan. The Disclosure Statement may not be relied upon for any purpose other than that described above. *Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.*

**A. Purpose of This Document**

This Disclosure Statement describes:

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

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<sup>1</sup> Unless otherwise provided herein, capitalized terms have the same meaning ascribed to them in the Plan.

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

## **II. DISCLAIMER**

**THE DISCLOSURE STATEMENT AND THE PLAN ARE AN INTEGRAL PACKAGE, AND THEY MUST BE CONSIDERED TOGETHER FOR THE READER TO BE ADEQUATELY INFORMED. THIS INTRODUCTION IS QUALIFIED IN ITS ENTIRETY BY THE REMAINING PORTIONS OF THIS DISCLOSURE STATEMENT, AND THIS DISCLOSURE STATEMENT IN TURN IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN.**

**NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF DEBTOR'S PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED IN THE DISCLOSURE STATEMENT AND ITS EXHIBITS SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR, WHO WILL IN TURN DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.**

**THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR'S BANKRUPTCY ESTATE IS BASED UPON FINANCIAL, AND OTHER, INFORMATION DEVELOPED BY THE DEBTOR'S MANAGEMENT AND ITS PROFESSIONALS FROM THE DEBTOR'S RECORDS. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING ANY EXHIBITS CONCERNING THE FINANCIAL CONDITION OF THE DEBTOR AND THE OTHER INFORMATION CONTAINED HEREIN, HAS NOT BEEN SUBJECT TO AN AUDIT OR INDEPENDENT REVIEW EXCEPT AS EXPRESSLY SET FORTH HEREIN. ACCORDINGLY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONCERNING THE DEBTOR, OR ITS FINANCIAL CONDITION IS ACCURATE OR COMPLETE. THE PROJECTED INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PRESENTED FOR ILLUSTRATIVE PURPOSES ONLY, AND, BECAUSE OF THE UNCERTAINTY AND RISK FACTORS INVOLVED, THE DEBTOR'S ACTUAL RESULTS MAY NOT BE PROJECTED HEREIN.**

**ALTHOUGH AN EFFORT HAS BEEN MADE TO BE ACCURATE, THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS IS CORRECT. THE DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. EACH CREDITOR IS STRONGLY URGED TO REVIEW THE PLAN**

**PRIOR TO VOTING ON IT.**

**THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THE DISCLOSURE STATEMENT UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH SINCE THE DATE OF THE DISCLOSURE STATEMENT.**

**A STATEMENT OF THE ASSETS AND LIABILITIES OF THE DEBTOR AS OF THE DATE OF THE COMMENCEMENT OF THE CASE IS ON FILE WITH THE CLERK OF THE BANKRUPTCY COURT AND MAY BE INSPECTED BY INTERESTED PARTIES DURING REGULAR BUSINESS HOURS.**

**THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW.**

**THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN. EACH CREDITOR SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISERS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.**

### **III. NOTICE OF HOLDERS OF CLAIMS AND INTERESTS**

This Disclosure Statement is being transmitted to certain holders of Claims for the purpose of soliciting votes on the Plan and to others for informational purposes.

Pursuant to the Bankruptcy Code, the Plan has been filed concurrently with this Disclosure Statement with the Bankruptcy Court. The Bankruptcy Court will schedule a hearing on approval of this Disclosure Statement and on confirmation of the Plan (the “**Confirmation Hearing**”) to be held at the United States Courthouse, 299 East Broward Blvd., Room 301 Ft. Lauderdale, FL 33301. At the Confirmation Hearing, the Bankruptcy Court will consider whether this Disclosure Statement and the Plan satisfy the requirements of the Bankruptcy Code, including whether the Plan is in the best interests of the claimants. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT EITHER OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.**

The Disclosure Statement is on file with the Court, and you may access it electronically or you may obtain a copy at your expense from the clerk or view a copy at the public terminals in

the clerk's office. Copies may be obtained from the plan proponent by written request. To obtain, at your cost additional copies of this Disclosure Statement or of the Plan, please contact Van Horn Law Group, P.A., 330 N. Andrews Ave., Suite 450, Fort Lauderdale, Florida 33301, Telephone; (954) 765-3166 or Facsimile: (954) 756-7103.

This Disclosure Statement contains only a summary of the Plan. Each creditor is urged to review the Plan in its entirety prior to voting. In the event of any inconsistency between the Plan and the Disclosure Statement, the provisions of the Plan will control. It is important that creditors exercise their right to vote to accept or reject the Plan. Even if you do not vote to accept the Plan, you may be bound by it if it is accepted by the requisite holders of Claims as described below.

## **IV. GENERAL INFORMATION**

### **A. Brief Overview of Chapter 11**

#### **1. Property of the Estate.**

The commencement of a chapter 11 bankruptcy case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. No trustee has been appointed in this case.

#### **2. Automatic Stay.**

Pursuant to 11 U.S.C. §362, the filing of a chapter 11 petition operates as an automatic stay applicable to all entities of various actions, including actions to collect pre-petition claims from the Debtor or otherwise interfere with its property or business.

#### **3. Voting.**

##### **a. Who May Vote or Object**

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

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

##### **(i) What is an Allowed Claim or an Allowed Equity Interest?**

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either: (1) the Debtor has scheduled the claim on its schedules, unless the claim has been scheduled as



disputed, contingent, or unliquidated; or (2) the creditor has filed a proof of claim or equity interest, and no objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless, after notice and hearing, the Court either overrules the objection or allows the claim or equity interest voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

*The deadline for filing a proof of claim for non-governmental entities expired on June 7, 2017. The deadline for governmental agencies to file a proof of claim expired on August 7, 2017.*

The Debtor will file any objections to filed proofs of claim prior to the balloting process described herein.

**b. What is an Impaired Claim or Impaired Equity Interest?**

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in 11 U.S.C. §1124, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

In this case, the Plan Proponent believes that Classes 1 and 3 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

**c. Who is NOT Entitled to Vote?**

The holders of the following types of claims and equity interests are not entitled to vote to accept or reject the Plan:

- Holders of claims and equity interests that have been disallowed by an order of the Court;
- Holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been allowed for voting purposes.
- Holders of claims or equity interests in unimpaired classes;
- Holders of claims entitled to priority pursuant to 11 U.S.C. §§507(a)(2), (a)(3), and (a)(8);
- Holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- Administrative expense claimants.

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

**d. Who Can Vote in More Than One Class?**

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

**e. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless: (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a cramdown on non-accepting classes.

**f. Votes Necessary for a Class to Accept the Plan**

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

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

**g. Treatment of Non-Accepting Classes**

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by 11 U.S.C. §1129(b). A Plan that binds non-accepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of 11 U.S.C. §1129(a)(8), does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.

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

**4. Impairment.**

A class of Claims or Interests is “impaired” if the legal, equitable, or contractual rights attaching to the Claims or Interests of that class are modified. Modification for purpose of determining impairment, however, does not include curing defaults and reinstating maturity.

## **5. Confirmation Standards.**

### **a. General**

The proponent of the Plan must meet all applicable requirements of 11 U.S.C. §1129(a) (except 11 U.S.C. §1129(a)(8) if the proponent proposes to seek confirmation of the Plan under the provisions of 11 U.S.C. §1129(b)). These requirements include, among other things, that: (a) the Plan comply with applicable provisions of Title 11, United States Code and other applicable law; (b) the Plan be proposed in good faith; (c) at least one impaired Class of claims must accept the Plan, without counting votes of insiders; (d) the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and (e) the Plan must be feasible. These requirements are not the only requirements listed in 11 U.S.C. §1129, and they are not the only requirements for confirmation.

### **b. Cramdown**

The Bankruptcy Court may confirm a plan of reorganization even though fewer than all the classes of impaired Claims and Interests have accepted the plan. If a plan of reorganization is to be confirmed despite the rejection of a class of impaired Claims or Interest, then the proponent of the plan must show, among other things, that the plan of reorganization does not discriminate unfairly and that the plan is fair and equitable with respect to each impaired class of Claims or Interest that has not accepted the plan of reorganization. *See* discussion below in Section IX, B.

### **c. Liquidation Analysis**

To confirm a Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement at Exhibit “B”.

### **d. Feasibility**

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

#### **(i) Ability to Initially Fund Plan**

Debtor believes that it will have enough cash on hand on the Effective Date of the Plan to pay all claims and expenses that are entitled to be paid on that date and, further, that the Reorganized Debtor will generate sufficient cash through operations to fund the Plan during the Plan distribution period.

**(ii) Ability to Make Future Plan Payments and Operate Without Further Reorganization.**

The plan proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Debtor has provided financial information from operations. Those projections are detailed in Exhibit “D” and described more fully below

*You should consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections Contained in Exhibit “D”.*

**V. DEFINITIONS**

The terms used herein have the same meaning as in the Plan unless the context hereof requires otherwise.

**VI. THE DEBTOR**

**A. History of Debtor and Events Leading to Chapter 11 Petition.**

The Debtor is a Florida for-profit corporation formed on March 17, 1988. Owen Luttinger is the President and a one-third owner; his brother Richard Luttinger is the Secretary/Treasurer and a one-third owner; and Mark Goldstein is a one-third owner. Mark Goldstein is not employed by the Debtor and has no involvement with the day-to-day operations of the Debtor. The Debtor is a retail and commercial printing company and, at the time of filing, (February 8, 2017), leased premises located at 3585 NW 54<sup>th</sup> Street, Fort Lauderdale, Florida 33309. During the pendency of the bankruptcy case, the Debtor downsized its operations and moved to a smaller location located at 610 SW 12<sup>th</sup> Ave. Pompano Beach, FL 33069. The Debtor rejected its lease for 3585 NW 54<sup>th</sup> Street, Fort Lauderdale, Florida 33309 (See *Order Granting Debtor’s Emergency Motion to Reject Unexpired Lease of Commercial Real Property – DE 75*).

The Debtor filed this case on February 8, 2017, to continue operations and preserve the going concern value of its services for the benefit of its creditors and the estate. The Debtor hopes to restructure its existing debts with various creditors to allow it to function without the constant threat of collection activity.

In the beginning (1988), the Debtor was as a small operation with only a few employees. In time, the operations expanded with over 30 employees. In 2005, the Debtor borrowed \$3,370,375.00 from People’s Capital & Leasing Corporation (“People’s”) to expand its operations. Part of the proceeds from this loan were used to purchase several large pieces of equipment, including a KBA Press; a Heidelberg ST-400 Stitchmaster Sattelbinder; and an Albo AS 1800 Turner Aerator. The loan was secured by the equipment and the Debtor’s other assets including, but not limited to, accounts receivable, inventory and the proceeds thereof (the “Collateral”). In 2013, the Debtor defaulted on the loan causing People’s to file suit in the Circuit Court of Collier County. The matter was eventually settled by the Debtor and People’s entering into a new payment plan and the case was dismissed. In 2016, the Debtor defaulted on

the new payment plan causing People's to once again sue the Debtor. When the Debtor defaulted on the new settlement arrangement, People's obtained a Final Judgment against the Debtor in the amount of \$1,171,520.98, which was recorded on January 11, 2017 (the "Judgment" or "Secured Claim"). As a result the Judgment and People's intent to levy on the Debtor's assets, the Debtor filed for Chapter 11 on February 8, 2017.

The Debtor had additional financial problems as well. At the time of filing, the Debtor in three (3) months in arrears for payment of rent totaling \$60,721.00, and had been served with an eviction notice by Western B Southeast FL, LLC ("Landlord") (See: POC-22). During the administration of the estate, the Debtor rejected the lease (Order at DE 75), and moved to a newer and smaller location in May 2017. Further, Michael Tralongo filed suit seeking a Writ of Replevin for the return of a Ryobi 684 Press (Broward County Circuit Court Case #CACE16-008030). The Debtor has since surrendered the press and Tralongo has filed an unsecured claim for \$97,700.00 at POC-6. The Debtor has filed an objection to Tralongo's POC-6 (See: DE 127).

To stay operational, its principals borrowed upwards of \$500,000.00 (the amount scheduled is \$494,000.00) from four "hard money" lenders (factors): Arch Capital, Power Up Lending Group, Quarter Spot and Yellow Stone Capital, LLC. Power Up Lending Group entered a Confessed Judgment for \$129,449.87 in the Supreme Court of the State of New York, County of Nassau at Index No. 16/1157. All of these lenders were scheduled as unsecured creditors. Arch Capital and Yellowstone were also scheduled as contingent and disputed and as such, are not included in Class 5 (unsecured). None of these four (4) unsecured creditors have filed a proof of claim. The Arch Capital, Yellow Stone Capital and Power Up loans have each been guaranteed by the Debtor's principals, Owen Luttinger and Richard Luttinger. Upon advice of counsel, Debtor believes that these loans may be usurious under Florida law and, therefore, may be voided. It is Debtor's intention to file adversary proceedings against these Creditors, and depending on the results either: (a) pay one or all of these creditors as part of Class 5; or (b) if successful in the Adversary and monies are recovered, distribute any proceeds to the general unsecured creditors on a pro-rata basis (Class 5)(see below).

Currently, the Debtor's largest creditor is the U.S. Small Business Administration ("SBA") which is owed a total of \$1,811,209.33 for two (2) loans: \$391,799.67 (POC-20) and \$1,419,409.66 (POC-21) (collectively, the "SBA Loans"). While the SBA Loans were initially secured by a second position on all of the assets of the Debtor, the UCC-1's were allowed to lapse and the SBA Loans are now unsecured. The Debtor's stockholders, Owen Luttinger, Richard Luttinger and Mark Goldstein, each personally guaranteed the SBA Loans. These two claims are treated in a special general unsecured class (Class 6) and will receive payments of \$5,000.00 per month for sixty (60) months for a total payment of \$300,000.00 in complete and full settlement of the SBA Loans totaling \$1,811,209.33 and will release the personal guarantors.

In addition, several governmental authorities hold claims against the Debtor. The Occupational Safety and Health Administration ("OSHA") assessed a penalty of \$20,281.00. The Debtor and OSHA had agreed to reduce the fine to \$12,168.60 by proposed Expedited Informal Settlement Agreement (the "Informal Agreement"). The Debtor tendered the signed Informal Agreement to OSHA, but the agency did not respond. OSHA has since advised that it is in the process of writing the penalty off because of the bankruptcy. If the penalty is not

written off, the amount of \$20,281.00 will be paid to OSHA in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date (Class 2A).

Next, the United States Postal Service (“USPS”) is owed \$58,294.04 for metered mail postage which will be paid to USPS in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date (Class 2B).

In addition, the Florida Department of Revenue (FLDOR) has filed a priority claim (POC-2) for sales and use tax in the amount of \$19,894.00. The claim will be paid in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date (Class 3).

Finally, the IRS has filed claim against the Debtor for \$200.00 (POC-8). This claim will be paid in full on the Effective Date of the Plan (Class 4).

In all, there are forty-six (46) general unsecured creditors with claims totaling \$1,437,032.13. The general unsecured creditors (Class 5) shall receive a guaranteed total of \$100,000.00 in twenty (20) quarterly installment payments of \$5,000.00 each during the five (5) year term of the Plan. Additionally, during the first year of the Plan, the Debtor’s principals, Owen Luttinger and Richard Luttinger (the “Luttingers”) will make four (4) additional quarterly payments of \$12,000.00 for distribution to unsecured creditors totaling \$48,000.00. The total combined guaranteed distribution from the Debtor and the Luttingers over the five (5) year term of the Debtor’s Plan will be \$148,000.00 or 10.3% of the allowed unsecured claims. This distribution percentage may increase if the Debtor is successful in voiding the claims of any of the “hard money” lenders. Additionally, holders of Class 5 Claims shall receive fifty percent (50%) of the net proceeds of any Causes of Action after payment of all administrative expenses and post-Effective Date professional fees and costs. **Recovery under the Causes of Action is speculative and may result in no distribution to Class 5 Claim Holders.**

## **B. INSIDERS OF THE DEBTOR**

As defined by §101(31) of the United States Bankruptcy Code (the "Code"), the insiders of the Debtor include Owen Luttinger, President and a one-third owner; Richard Luttinger, Secretary-Treasurer and a one-third owner, and Mark Goldstein a one-third owner.

In the two calendar years before the date of filing (2015 and 2016), Owen Luttinger received a total of \$208,993.00 in compensation, and Richard Luttinger received a total of \$231,846.00 in compensation. In the ten (10) months since the petition date, each officer has received a total of \$182,244.10 in compensation or an average of \$18,224.41 per month.

In the twenty-four (24) month period before filing, Mark Goldstein received no compensation from the Debtor. The Debtor does not employ Mark Goldstein, therefore he does not receive compensation.

**Upon the effective date of the Debtor's Plan of Reorganization, Owen Luttinger and Richard Luttinger will each become a 50% equity shareholder in the newly reorganized Debtor. Mark Goldstein will no longer have any affiliation or employment with the Reorganized Debtor. Owen Luttinger and Richard Luttinger will each pay the sum of \$24,000.00 to the unsecured creditors, *pari passu*, over a 12 month period starting on the effective date of the Plan.( The total of \$48,000.00 will be distributed quarterly during the first year of the Plan).**

### **C. DEBTOR'S OPERATIONS IN CHAPTER 11**

On February 8, 2017, (the "Petition Date"), the Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* (the "Bankruptcy Code"). Debtor has continued to operate its business as a Debtor-in-Possession pursuant to 11 U.S.C. §§1107 and 1108. Since the Petition Date, numerous pleadings have been filed, all of which are of public record with the Bankruptcy Court Clerk's Office, United States Bankruptcy Court for the Southern District of Florida. The Debtor has complied with all Court orders and United States Trustee Guidelines.

The most significant action of the bankruptcy has been the Debtor's change in its business operations. At the end of May 2017, the Debtor moved from a full-scale printing operation with thirty-two (32) employees and numerous pieces of large, expensive printing presses and equipment, to a much smaller print broker-type business model. Debtor moved from its 25,000 square foot facility at 3585 NW 54<sup>th</sup> Street, Fort Lauderdale, Florida 33309 to 610 SW 12<sup>th</sup> Avenue, Pompano Beach, Florida 33069, reducing its rent from \$28,000.00 per month to \$0.00. The Debtor is sharing space with three other printing companies. Printing Corporation of the Americas, Inc (PCA) is the major tenant/owner at the new location of which the Debtor only occupies 1,000 square feet of the 30,000 square foot building. In its new role as a print broker, the Debtor no longer owns large printing presses and rents press time from PCA. As reflected on the Debtor's monthly operating reports, the Debtor pays PCA approximately \$100,000.00 per month to rent press time and for its use of the 1,000 square feet of space.

In order to vacate its large facility in the middle of the lease, the Debtor rejected the lease with its landlord, Western B Southeast FL, LLC (the "Landlord") (See: Order at DE 75). The Landlord originally filed a Proof of Claim (POC-19) in the amount \$415,310.41 and instead of amending its original claim (POC-19), filed a new proof of claim in the amount of \$236,725.79 (POC-22). The Debtor is objecting to both claims of the Landlord. Using POC-22 in the amount of \$236,725.79, \$42,808.59 of the claim is an alleged administrative claim for rent which, if allowed, will be paid in twenty-four (24) equal payments of \$1,783.70. The balance of the claim in the amount of \$193,917.21 will be a general unsecured claim and, if allowed, will be included in Class 5 treatment.

As stated in Section VI above, the Debtor had borrowed \$3,370,375.00 from People's which was reduced to a judgment against the Debtor in the amount of \$1,171,520.98, and recorded on January 11, 2017. The Debtor and People's filed several motions relating to the sale of the Collateral whereby the Debtor was permitted to buy certain of the Collateral for itself, sell certain of the Collateral to third parties, and permit People's to conduct a UCC Article 9 sale

of the balance of the Collateral (collectively, the “Article 9 Sale”). (See Orders entered at DE 84, as amended at DE 90; DE 85; and DE 86).

Upon completion of the Article 9 Sale, the Debtor and People’s entered into a Settlement Agreement (see Motion to Approve Settlement at DE 114; and Order approving same at DE 128) in which the balance owed by the Debtor to People’s was reduced to \$318,822.92 (the “Deficiency Claim”) and the Debtor’s principals were released from their personal guaranties. The Deficiency Claim is secured by the Debtor’s accounts receivables, furniture, and a small amount of equipment. One hundred thousand dollars (\$100,000.00) of the Deficiency Claim will be paid to People’s by the Debtor as follows: \$10,000.00 within fifteen (15) days after entry of an order approving settlement (on or before January 23, 2018); and \$5,000.00 per month for eighteen (18) months beginning on the 30<sup>th</sup> day after the \$10,000.00 initial payment is made (See: Class 1A). The balance of the Deficiency Claim in the amount of \$218,822.92 (the “Reduced Deficiency Claim”) will be paid to the extent that monies are recovered from an insurance claim for the KBA Press which was damaged in September 2016 when the Debtor moved. Special Counsel has been hired to pursue collection of the insurance claim for the Debtor (See: Order at DE 93). Pursuant to the Settlement Agreement, any net proceeds recovered from the insurance claim will be split 50/50 between the Debtor and People’s, and People’s will apply the 50% payment to the Reduced Deficiency Claim in an amount not to exceed \$218,822.92. The total paid to People’s between the \$10,000.00 initial payment; eighteen (18) month payment plan; and the amount recovered through the insurance claim shall not exceed \$318,822.92. (Class 1B). Treatment of the Reduced Deficiency claim has been bifurcated into two classes and treatment is set forth in Classes 1A and 1B.

Debtor’s finances, as a result of its dynamic alteration in its business model, have significantly improved. In March 2017, the Debtor’s Profit & Loss Statement showed a loss of \$34,008.66 on sales of \$420,020.33 (DE#50); and in April 2017, a loss of \$55,903.19 on sales of \$314, 948.88 (DE#56). The most recent Profit & Loss Statements show a dramatic turnaround: September 2017 reflects a profit of \$35,714.95 on sales of \$322,139.67 (DE#108); October 2017 reflects a profit of \$33,705.40 on sales of \$513,777.46 (DE#109); and November 2017 reflects a profit of \$30,646.50 on sales of \$370,241.05 (DE 123).

The change in the Debtor’s type of operations, it’s reduction in size, personnel and equipment will enable the Debtor to meet its debt obligations as set forth in the Profit & Loss Statement for 2017 attached hereto as Exhibit “C” and the Budget attached hereto as Exhibit “A”.

## VII. SUMMARY OF THE PLAN

**Upon the effective date of the Debtor’s Plan of Reorganization, Owen Luttinger and Richard Luttinger will each become 50% equity shareholders in the newly reorganized Debtor and Mark Goldstein will no longer have any affiliation or employment with the Reorganized Debtor. Owen Luttinger and Richard Luttinger will each pay the sum of \$24,000.00 to the unsecured creditors, *pari passu*, over a 12 month period starting on the Effective Date of the Plan. The \$48,000.00 total payments will be distributed quarterly during the first year of the Plan to unsecured creditors - Class 5).**



### **A. Treatment of Secured Creditors: Classes 1A and 1B**

Class 1, the claim of People's Capital & Leasing Corporation ("People's") is in the agreed amount of \$318,822.92 (the "Deficiency Claim"), all of which is secured by the Debtor's other assets including, but not limited to, accounts receivable, inventory and the proceeds thereof (the "Collateral"). The Deficiency Claim is secured by the Debtor's accounts receivables, furniture, and a small amount of equipment. One hundred thousand dollars (\$100,000.00) of the Deficiency Claim will be paid to People's by the Debtor as follows: \$10,000.00 within fifteen (15) days after entry of an order approving settlement (on or before January 23, 2018); and \$5,000.00 per month for eighteen (18) months beginning on the 30<sup>th</sup> day after the \$10,000.00 initial payment is made (See: Class 1A). The balance of the Deficiency Claim in the amount of \$218,822.92 (the "Reduced Deficiency Claim") will be paid to the extent that monies are recovered from an insurance claim for the KBA Press which was damaged in September 2016 when the Debtor moved (1B). Special Counsel has been hired to pursue collection of the insurance claim for the Debtor (See: Order at DE 93). Pursuant to the Settlement Agreement, any net proceeds recovered from the insurance claim will be split 50/50 between the Debtor and People's, and People's will apply the 50% payment to the Reduced Deficiency Claim in an amount not to exceed \$218,822.92. The total paid to People's between the \$10,000.00 initial payment; eighteen (18) month payment plan; and the amount recovered through the insurance claim shall not exceed \$318,822.92.

### **B. Treatment of Priority Creditors- Classes 2A, 2B, 3 and 4**

Occupational Safety and Health Administration (OSHA) assessed a penalty of \$20,281.00. The Debtor and OSHA had agreed to reduce the fine to \$12,168.60 by proposed Expedited Informal Settlement Agreement (the "Informal Agreement"). The Debtor tendered the signed Informal Agreement to OSHA, but the agency did not respond. OSHA has since advised that it is in the process of writing the penalty off because of the bankruptcy. If the penalty is not written off, the amount of \$20,281.00 will be paid to OSHA in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60<sup>th</sup>) month following the Petition Date (Class 2A).

United States Postal Service ("USPS") is owed \$58,294.04 for metered mail postage which will be paid to USPS in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60<sup>th</sup>) month following the Petition Date (Class 2B).

The Florida Department of Revenue (FLDOR) has filed a priority claim (POC-2) for \$19,894.00 for sales and use tax. The claim will be paid in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60<sup>th</sup>) month following the Petition Date (Class 3).

The IRS has filed a claim against the Debtor for \$200.00 (POC-8). This claim will be paid in full on the Effective Date of the Plan (Class 4).

### C. Treatment of Unsecured Creditors- Class 5 & 6

Class 5: There are forty-six (46) general unsecured creditors with claims totaling \$1,437,032.13. The general unsecured creditors (Class 5) shall receive a guaranteed total of \$100,000.00 in twenty (20) quarterly installment payments of \$5,000.00 each during the five (5) year term of the Plan. Additionally, during the first year of the Plan, the Debtor's principals, Owen Luttinger and Richard Luttinger (the "Luttingers") will make four (4) additional quarterly payments of \$12,000.00 for distribution to unsecured creditors totaling \$48,000.00. The total combined guaranteed distribution from the Debtor and the Luttingers over the five (5) year term of the Debtor's Plan will be \$148,000.00 or 10.3% of the allowed unsecured claims. This distribution percentage may increase if the Debtor is successful in voiding the claims of any of the "hard money" lenders. Additionally, holders of Class 5 Claims shall receive fifty percent (50%) of the net proceeds of any Causes of Action after payment of all administrative expenses and post-Effective Date professional fees and costs. **Recovery under the Causes of Action is speculative and may result in no distribution to Class 5 Claim Holders.**

Class 6: The Debtor's largest creditor is the U.S. Small Business Administration ("SBA") which is owed a total of \$1,811,209.33 for two (2) loans: \$391,799.67 (POC-20) and \$1,419,409.66 (POC-21) (collectively, the "SBA Loans"). While the SBA Loans were initially secured by a second position on all of the assets of the Debtor, the UCC-1's were allowed to lapse and the SBA Loans are now unsecured. The Debtor's stockholders, Owen Luttinger, Richard Luttinger and Mark Goldstein, each personally guaranteed the SBA Loans. These two claims are treated in a special general unsecured class (Class 6) and will receive payments of \$5,000.00 per month for sixty (60) months for a total payment of \$300,000.00 in complete and full settlement of the SBA Loans totaling \$1,811,209.33 as to all liable parties, including the guarantors.

### D. Treatment of "Hard Money" Lenders

To stay operational, its principals borrowed upwards of \$500,000.00 (the amount scheduled is \$494,000.00) from four "hard money" lenders (factors): Arch Capital, Power Up Lending Group, Quarter Spot and Yellow Stone Capital, LLC. Power Up Lending Group entered a Confessed Judgment for \$129,449.87 in the Supreme Court of the State of New York, County of Nassau at Index No. 16/1157. All of these lenders were scheduled as unsecured creditors. Arch Capital and Yellowstone were also scheduled as contingent and disputed and as such, are not included in Class 5 (unsecured). None of these four (4) unsecured creditors have filed a proof of claim. The Arch Capital, Yellow Stone Capital and Power Up loans have each been guaranteed by the Debtor's principals, Owen Luttinger and Richard Luttinger. Upon advice of counsel, Debtor believes that these loans may be usurious under Florida law and, therefore, may be voided. It is Debtor's intention to file adversary proceedings against these Creditors (the "Causes of Action"), and depending on the results either: (a) pay one or all of these creditors as part of Class 5; or (b) if successful in the Adversary and monies are recovered, distribute any proceeds to the general unsecured creditors on a pro-rata basis (Class 5).

The following is a brief summary of certain of the more significant matters contemplated by or in connection with the confirmation of the Plan. Thus, the following summary is qualified

in its entirety by the Plan. This summary only highlights certain substantive provisions of the Plan. Consideration of this summary will not, nor is it intended to, yield a thorough understanding of the Plan. Such consideration is not a substitute for a full and complete reading of the Plan. All holders of claims and interests are urged to review the plan carefully. The Plan, if confirmed, will be binding on the Debtor and all holders of claims and interests.

### **A. Classification and Treatment of Claims and Interests**

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

#### **1. Unclassified Claims**

##### **a. Allowed Administrative Claims**

Each holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of such Allowed Administrative Claim, either (A) an amount equal to the unpaid amount of such Allowed Administrative Claim in cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim becomes an Allowed Administrative Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; or (B) such other treatment (i) as may be agreed upon in writing by the Claimholder and the Debtor, or (ii) as the Bankruptcy Court has ordered or may order. Notwithstanding the foregoing, Allowed Administrative Claims representing (a) liabilities, accounts payable or other Claims or obligations incurred in the ordinary course of business of the Debtor consistent with past practices subsequent to the Petition Date, shall be paid or performed by the Debtor in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements or contracts relating thereto; provided, notwithstanding any contract provision, applicable law or otherwise, that entitles a holder of an Allowed Administrative Claim to post-petition interest, no holder of an Allowed Administrative Claim shall receive post-petition interest, on account of such Claim.

Compensation of professionals and reimbursement of expenses incurred by professionals are Administrative Claims pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4) and 503(b)(5) of the Code (the “**Professional Fees and Expenses Claims**”). All payments to Professionals for Professional Fees and Expenses Claims will be made in accordance with the procedures established by the Code, the Rules and the Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The Court will review and determine all applications for compensation for services rendered and reimbursement of expenses.

All entities seeking an award by the Court of Professional Fees and Expenses shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date pursuant to section 330 of the Code and Rule 2016 by the date that is ten (10) days after the Effective Date or such other date as may be fixed by the Court.

### b. United States Trustee's Fees

All fees required to be paid by 28 U.S.C. §1930(a)(6) ("U.S. Trustee Fees") will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Specifically, the Debtor will pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6), through the date of confirmation of this Plan, within fourteen (14) business days of the entry of an order confirming this Plan. Furthermore, the Reorganized Debtor will file with the Court post-confirmation Quarterly Operating Reports and pay the U.S. Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) for post-confirmation periods within the time period set forth in 28 U.S.C. §1930(a)(6), based upon all post-confirmation disbursements, until the earlier of the closing of this case by the issuance of a Final Decree by the Bankruptcy Court, or upon the entry of an Order by the Bankruptcy Court dismissing this case or converting this case to another Chapter under the U.S. Bankruptcy Code.

### c. Priority Tax Claims

Each holder of an Allowed Priority Tax Claim shall receive, at the sole discretion of the Debtor, and in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (A) an amount equal to the unpaid amount of such Allowed Priority Tax Claim in cash commencing on the later of (i) the Effective Date, (ii) the date that such Claim becomes an Allowed Priority Tax Claim by a Final Order, or (iii) a date agreed to by the Claimholder and the Debtor; (B) as provided in section 1129(a)(9)(C) of the Bankruptcy Code, cash payments made in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60<sup>th</sup>) month following the Petition Date, together with interest (payable in arrears) on the unpaid portion thereof at 18% from the Effective Date through the date of payment thereof; or (C) such other treatment as to which the Debtor and such Claimholder shall have agreed in writing or the Bankruptcy Court has ordered or may order; provided, however, that the Debtor reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of any Allowed Priority Tax Claim, in full at any time on or after the Effective Date without premium or penalty; and, provided further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising before or after the Petition Date with respect to or in connection with such Allowed Priority Tax Claim.

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

TYPE	ESTIMATED AMOUNT OWED	PROPOSED TREATMENT
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$0.00 (Paid in Regular Course of Business)	Paid in full on the Effective Date of the Plan, or according to terms of obligation, if later. The Debtor has been paying post-petition expenses in the normal course, and does not believe that any amounts are due and owing.
Claim of Western B Southeast FL, LLC (Landlord) for rent incurred between 2/19/17 and 6/2/17 during administration of Debtor's estate for	\$42,808.58	Debtor has filed an objection to this claim; however, if allowed, will be paid in twenty-four (24) equal monthly payments of \$1,783.70 beginning on the Effective Date of the Plan and

3585 NW 54 <sup>th</sup> Street, Fort Lauderdale, FL 33309 (POC-22)		continuing until paid in full.
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	N/A
Professional Fees, as approved by the Court	Est. \$83,000.00	Paid in full on the Effective Date of the Plan, or according to a separate agreement, or according to Court order if such fees have not been approved by the Court on the Effective Date of the Plan.
Clerk's Office Fees	\$0.00	N/A
Other Administrative Expenses	\$0.00	N/A
Office of the U.S. Trustee Fees	Est. \$1,250.000	Paid in full on the Effective Date of the Plan.
<b>TOTAL</b>	<b>\$127,058.58</b>	

## 2. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under 11 U.S.C. §506. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

<p><b>Class 1A</b>– Secured Deficiency Claim of People's Capital &amp; Leasing Corp. [Claim #16-1]</p> <p>Total Secured Claim: \$318,822.92 Payment over time: \$100,000.00</p> <p>Loan secured by Debtor's accounts receivable</p> <p>Down payment of \$10,000.00 to be paid within 15 days of Court approval of settlement (on or before 1/23/18)</p> <p>Maturity Date: 18 months</p> <p>Interest Rate: 0%</p> <p>Monthly Payment Amt: \$5,000.00</p> <p><b>Class 1B</b> - Secured Reduced Deficiency Claim of People's Capital &amp; Leasing Corp</p> <p>Claim amount: \$218,822.92</p> <p>Payment contingent on recovery of any or all of insurance claim to be split 50/50 between Peoples and Debtor</p>	<p>Impaired</p>	<p>Class 1A, the secured Deficiency Claim of People's Capital &amp; Leasing Corp. in the amount of \$318,822.92 is impaired by the Plan. Class 1A in the amount of \$100,000.00 is secured by the Debtor's accounts receivable and will be paid in 18 monthly installments of \$5,000.00, after a down payment of \$10,000.00 which will be made within 15 days of the Court's approval of the proposed settlement (on or before 1/23/18) .</p> <p>Monthly payments as agreed by Stipulation (DE 114) if approved will commence 30 days after the down payment of \$10,000.00 is made.</p> <p>The Secured Creditor shall have a lien on the secured collateral until the loan is paid in full.</p> <p><b>\$218,822.92 of the claim (Reduced Deficiency Claim) shall be treated as set forth in Class 1B</b></p> <p>Class 1B consisting of the balance of the Deficiency Claim (after deducting \$100,000.00) totaling \$218,822.92 (the "Reduced Deficiency Claim") will be paid to the extent that monies are recovered in an insurance claim for damage to a KBA Press September 2016 when Debtor moved. Special Counsel has been hired to pursue collection (Order at DE 93). Pursuant to the Settlement Agreement, any net proceeds recovered from the insurance claim will be split 50/50 between the</p>
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		Debtor and People's, and People's will apply the 50% payment to the Reduced Deficiency Claim in an amount not to exceed \$218,822.92. The total paid to People's between the \$10,000.00 initial payment; eighteen (18) month payment plan; and the amount recovered through the insurance claim shall not exceed \$318,822.92.
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### **3. Classes of Priority Unsecured Claims**

Certain priority claims that are referred to in 11 U.S.C. §§507(a)(1), (4), (5), (6) and (7) are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the Effective Date of the Plan equal to the Allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

The following chart lists all classes containing Debtor's priority unsecured claims and their proposed treatment under the Plan:

<b>Class</b>	<b>Impairment</b>	<b>Treatment</b>
Class 2A -Priority Claim of OSHA of \$20,281.00  If not written off as advised by OSHA, to be paid within 60 months of the Petition date	unimpaired	Occupational Safety and Health Administration (OSHA) assessed a penalty of \$20,281.00. The Debtor and OSHA had agreed to reduce the fine to \$12,168.60 by proposed Expedited Informal Settlement Agreement (the "Informal Agreement"). The Debtor tendered the signed Informal Agreement to OSHA, but the agency did not respond. OSHA has since advised that it is in the process of writing the penalty off because of the bankruptcy. If the penalty is not written off, the amount of \$20,281.00 will be paid to OSHA in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date
Class 2B is the claim of the United States Post Office for \$58,294.04.  To be paid within 60 months of the Petition date in equal monthly payments.	unimpaired	The United States Postal Service ("USPS") is owed \$58,294.04 for metered mail postage which will be paid to USPS in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date (Class 2B).
Class 3- Priority Claim of the Florida Department of Revenue (POC 2-1) in the amount of \$19,894.00 for sales and use taxes.  To be paid within 60 months of the Petition date	unimpaired	The Priority Claim of the Florida Department of Revenue (POC 2-1) in the amount of \$19,894.00 for sales and use taxes will be paid in equal monthly installments beginning on the Effective Date, with the final installment payable not later than the sixtieth (60th) month following the Petition Date, together with statutory interest, if any.
Class 4- Priority Claim of IRS of \$200.00 (POC-8)  Total Priority Claim \$200.00	unimpaired	The IRS will be paid its Priority claim of \$200.00 in a lump sum payment upon the Effective Date of the Plan.

#### 4. General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under 11 U.S.C. §507(a). The following chart identifies the Plan's proposed treatments of Class 5, which contains general unsecured and undersecured claims against the Debtor.

Class	Impairment	Treatment
<p><b>Class 5– General Unsecured Class</b></p> <p>Total Claims Amount: \$1,437,032.13</p> <p>Plan Payment Term: 5 years</p> <p>Total Plan Payments: minimum of \$148,000.00</p> <p>Quarterly Plan Cash Payments: Amount: \$5,000.00 for 20 quarters from Debtor plus four quarterly payments from Owen Luttinger and Richard Luttinger of \$12,000 per quarter during the first year of the Plan..</p> <p>Guaranteed Percentage of Cash Dividend to Unsecured Creditors:</p> <p>10.3%</p> <p><b>Additional payments possible:</b> Class 5 claimants shall receive fifty percent (50%) of the net proceeds of any Causes of Action (against the factors) after payment of all administrative expenses and post-Effective Date professional fees and costs</p>	<p>Impaired</p>	<p>Class 5 consists of the Allowed General Unsecured and undersecured Claims.</p> <p>Class 5 claimants shall receive a pro rata distribution of: (i) \$100,000.00 over a period of five (5) years beginning on the Effective Date in 20 quarterly payments totaling \$5,000.00 per payment; and (ii) 4 quarterly payments during the first year of the Plan of \$12,000.00 per quarter paid by Owen Luttinger and Richard Luttinger for an additional \$48,000.00 for a guaranteed total of \$148,000.00 and (iii) fifty percent (50%) of the net proceeds of any <b>Causes of Action (against the factors)</b> after payment of all administrative expenses and post-Effective Date professional fees and costs, <b>if any. Recovery under the Causes of Action is speculative and may result in no distribution to Class 5 Claim Holders.</b></p> <p>Notwithstanding the above, any claimant scheduled to receive a total Class 5 distribution of \$250.00 or less shall be paid in a lump sum on the Effective Date.</p> <p>The specific creditors to be paid pursuant to the terms of Class 5 are set forth below. The Class 5 claimants will receive a minimum distribution of approximately 10.3% of their allowed claim(s).</p>

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Creditor Name	Payment Frequency	Payment Duration	Payment Amount Year 1	Total Payment Year 1	Payment Amount Years 2 - 5	Total Payment Years 2 - 5	Total of All Plan Payments	Total Amount of Claim
AAC United Fire c/o Bankruptcy Exchange Inc. 2952 Seneca Street West Seneca, NY 14224	Quarterly	5 Years (20 Quarters)	\$1.72	\$20.59	\$1.35	\$24.24	\$44.83	\$435.21
Added Touch 5187 NE 12th Avenue Oakland Park, FL 33334	Quarterly	5 Years (20 Quarters)	\$9.52	\$114.23	\$7.49	\$134.52	\$248.75	\$2,415.00
Arrow Mail 9825 NW 17th Street Miami FL 33172	Quarterly	5 Years (20 Quarters)	\$12.99	\$155.94	\$10.23	\$183.63	\$339.57	\$3,296.80
Bank of America PO Box 9882238 El Paso, TX 79998	Quarterly	5 Years (20 Quarters)	\$15.71	\$188.50	\$12.36	\$221.98	\$410.48	\$3,985.25
Best Touch Lamination 5187 NE 17th Avenue Oakland Park FL 33334	Quarterly	5 Years (20 Quarters)	\$11.63	\$139.61	\$9.16	\$164.40	\$304.00	\$2,951.50
Bradley Specialties c/o Bankruptcy Exchange Inc. 2952 Seneca Street West Seneca, NY 14224	Quarterly	5 Years (20 Quarters)	\$0.05	\$0.59	\$0.04	\$0.69	\$1.28	\$12.45
Butters Constructions 6820 Lyons Technology Pkwy, Ste 100 Coconut Creek, FL 33073	Quarterly	5 Years (20 Quarters)	\$21.68	\$260.15	\$17.06	\$306.35	\$566.50	\$5,500.00
Case Paper 3333 NW 116th Street Miami FL 33167 Account# 04627460	Quarterly	5 Years (20 Quarters)	\$362.70	\$4,352.39	\$285.48	\$5,125.33	\$9,477.72	\$92,016.70
Chase Credit Card PO Box 15123 Wilmington DE 19850	quarterly	5 Years (20 Quarters)	\$204.88	\$2,458.62	\$161.27	\$2,895.24	\$5,353.86	\$51,979.22
Cintas First Aid 7241 Haverhill Business Pkwy Rivera Beach FL 33407	Quarterly	5 Years (20 Quarters)	\$0.43	\$5.20	\$0.34	\$6.13	\$11.33	\$110.00
Colter & Peterson 414 East 6th Street Patterson NJ 07514	Quarterly	5 Years (20 Quarters)	\$3.03	\$36.30	\$2.38	\$42.75	\$79.05	767.5
Coral Paper/Perez Trading 3490 NW 125th Street Miami FL 33167 Account# ending 4149	Quarterly	5 Years (20 Quarters)	\$659.20	\$7,910.37	\$518.86	\$9,315.17	\$17,225.54	\$167,238.27
Discount Labels PO Box 709 New Albany, IN 47151-0709 Account# 64501	Quarterly	5 Years (20 Quarters)	\$27.10	\$325.23	\$21.33	\$382.99	\$708.22	\$6,875.96
Double Envelope 1130 Kyle Wood Lane Brandon, FL 33511-4850	Quarterly	5 Years (20 Quarters)	\$32.02	\$384.25	\$25.20	\$452.48	\$836.73	\$8,123.60



Fedex Corporate Services Inc. 3965 Airways Blvd. Module G, 3rd Fl Memphis, TN 38116-5017 Account 091413607	Quarterly	5 Years (20 Quarters)	\$10.26	\$123.17	\$8.08	\$145.05	\$268.22	\$2,604.08
FRYE Financial 20600 W Dixie Hwy Miami, FL 33180-1130	Quarterly	5 Years (20 Quarters)	\$7.78	\$93.42	\$6.13	\$110.01	\$203.43	\$1,975.00
GE Richards Graphic Supply 14476 Duval Pl W # 301 Jacksonville, FL 32218-9435	Quarterly	5 Years (20 Quarters)	\$47.30	\$567.60	\$37.23	\$668.40	\$1,236.00	\$12,000.00
Global Graphic Supplies 16175 Golf Club Rd Apt 202 Weston, FL 33326-1651	Quarterly	5 Years (20 Quarters)	\$2.13	\$25.54	\$1.68	\$30.08	\$55.62	\$540.00
Gould Paper South 10400 NW 21st St Ste 104 Doral, FL 33172-2502 Account#MOR197	Quarterly	5 Years (20 Quarters)	\$730.86	\$8,770.33	\$575.26	\$10,327.85	\$19,098.18	\$185,419.19
Graphics IV 572 South Econ Circle Oviedo, FL 32765 Account# MOR1	Quarterly	5 Years (20 Quarters)	\$1.57	\$18.80	\$1.23	\$22.14	\$40.93	\$397.40
Graphic Systems Services 1236 53rd St Ste A West Palm Beach Fl 33407	Quarterly	5 Years (20 Quarters)	\$0.55	\$6.57	\$0.43	\$7.74	\$14.32	\$139.00
Greenspoon Marder, PA 100 W Cypress Creek Rd Ste 700 Fort Lauderdale FL 33309-2195	Quarterly	5 Years (20 Quarters)	\$11.04	\$132.44	\$8.69	\$155.96	\$288.40	\$2,800.00
Just Termites & Pest Control 1425 SW 1st Ct # 27 Pompano Bch, FL 33069-3247	Quarterly	5 Years (20 Quarters)	\$1.89	\$22.70	\$1.49	\$26.74	\$49.44	\$ 480.00
KBA Parts 2555 Regent Blvd Dallas, TX 75261	Quarterly	5 Years (20 Quarters)	\$209.50	\$2,514.05	\$164.90	\$2,960.52	\$5,474.57	\$ 53,151.21
Michael Tralongo c/o Lavallo Brown & Ronan PA 750 S Dixie Hwy Boca Raton, FL 33432-6108	Quarterly	5 Years (20 Quarters)	\$98.54	\$1,182.50	\$77.56	\$1,392.50	\$2,575.00	\$25,000.00
Mikes Graphic Service 2946 Highpoint Dr Columbus, OH 43221-4527	Quarterly	5 Years (20 Quarters)	\$1.31	\$15.70	\$1.03	\$18.49	\$34.20	\$ 332.00
Office Depot PO Box 633211 Cincinnati, OH 45263-3211	Quarterly	5 Years (20 Quarters)	\$1.00	\$12.06	\$0.79	\$14.20	\$26.26	\$ 254.95
Power Up Lending Group 111 Great Neck Road, Suite 216 Great Neck NY 11021-5408	Quarterly		\$1,576.67	\$18,920.00	\$1,241.00	\$22,280.00	\$41,200.00	\$ 400,000.00
Quarterspot 333 7th Avenue, Floor 14 New York NY 10001-5822	Quarterly		\$236.50	\$2,838.00	\$186.15	\$3,342.00	\$6,180.00	\$ 60,000.00
R & L Carriers, Inc PO Box 713153 Columbus OH 43271	Quarterly	5 Years (20 Quarters)	\$3.30	\$39.57	\$2.60	\$46.60	\$86.17	\$ 836.59

Regions Bank PO Box 11407 Birmingham, AL 35246 Account# ending 2263	Quarterly	5 Years (20 Quarters)	\$39.61	\$475.31	\$31.18	\$559.72	\$1,035.03	\$ 10,048.87
Republic Services 751 NW 31st Avenue Fort Lauderdale FL 33311	Quarterly	5 Years (20 Quarters)	\$0.85	\$10.14	\$0.67	\$11.94	\$22.09	\$ 214.42
Ricoh USA 5 Dedrick Place West Caldwell NJ 07006	Quarterly	5 Years (20 Quarters)	\$227.27	\$2,727.27	\$178.89	\$3,211.61	\$5,938.88	\$ 57,659.00
Rose Printing Co. 2503 Jackson Bluff Road Tallahassee FL 32304 Account# 113246	Quarterly	5 Years (20 Quarters)	\$123.14	\$1,477.74	\$96.93	\$1,740.17	\$3,217.90	\$ 31,241.77
Southwest Cargo Airlines PO Box 97390 Dallas TX 5397	Quarterly	5 Years (20 Quarters)	\$18.51	\$222.17	\$14.57	\$261.62	\$483.79	\$ 4,696.95
Staples Advantage PO Box 405386 Atlanta GA 30384	Quarterly	5 Years (20 Quarters)	\$7.23	\$86.79	\$5.69	\$102.20	\$188.99	\$ 1,834.86
Superior Print Ink Co. 100 North Street Teterboro NJ 07608 Account# 38058	Quarterly	5 Years (20 Quarters)	\$54.77	\$657.27	\$43.11	\$774.00	\$1,431.27	\$ 13,895.85
Tarnowski Engineering 760 NW 5th Street Plantation FL 33317	Quarterly	5 Years (20 Quarters)	\$3.35	\$40.21	\$2.64	\$47.35	\$87.55	\$ 850.00
Tri-County Cleaning 8262 Pines Boulevard #138 Pembroke Pines FL 33024	Quarterly	5 Years (20 Quarters)	\$8.35	\$100.17	\$6.57	\$117.96	\$218.13	\$ 2,117.77
Uline Supplies 2200 S. Lakeside Drive Waukegan IL 60085	Quarterly	5 Years (20 Quarters)	\$8.52	\$102.26	\$6.71	\$120.42	\$222.69	\$ 2,162.00
Unishippers PO Box 2037 Medford Lakes NJ 08055	Quarterly	5 Years (20 Quarters)	\$69.31	\$831.72	\$54.55	\$979.43	\$1,811.15	\$ 17,584.00
Update LTD 134 Peavey Circle Chaska MN 55318	Quarterly	5 Years (20 Quarters)	\$9.11	\$109.31	\$7.17	\$128.72	\$238.03	\$ 2,311.00
Vandyne Crotty PO Box 714031 Cincinnati 45271	Quarterly	5 Years (20 Quarters)	\$9.05	\$108.59	\$7.12	\$127.88	\$236.47	\$ 2,295.84
Veritiv Operating Co. 850 N. Arlington Heights Road Itasca, IL 60143 Account#487872165	Quarterly	5 Years (20 Quarters)	\$2.37	\$28.41	\$1.86	\$33.45	\$61.86	\$ 600.55
Veritiv Paper 850 N. Arlington Heights Road Itasca, IL 60143 Account#9003020972	Quarterly	5 Years (20 Quarters)	\$14.96	\$179.51	\$11.77	\$211.39	\$390.90	\$ 3,795.16
Viking Air 3436 SW 22nd Street Fort Lauderdale FL 33312	Quarterly	5 Years (20 Quarters)	\$0.67	\$8.04	\$0.53	\$9.47	\$17.51	\$170.00

Western B Southeast FL LLC 777 Brickell Avenue Suite 900 Miami FL 33131	Quarterly	5 Years (20 Quarters)	\$766.72	\$9,200.66	\$599.25	\$10,758.50	\$19,959.16	\$ 193,917.21
			\$68,000.00			\$80,000.00	\$148,000.00	\$1,437,032.13

The aggregate amount of claims included in Class 5 is \$1,437,032.13. Based upon the total quarterly distribution (20 distribution over 5 years) of \$100,000.00, plus the additional quarterly distribution of \$12,000.00 in year one for a total of \$148,000.00, allowed unsecured claimants will receive a minimum distribution of approximately 10.3%. This distribution is higher than what allowed general unsecured claimants would receive in a hypothetical Chapter 7, in which case the Debtors estimates that such claimants would receive a distribution of 0.00% as People's has a secured claim on all remaining assests of Debtor.

In addition to the guaranteed quarterly payments, unsecured creditors will receive fifty percent (50%) of the net proceeds of any Causes of Action (against the factors) after payment of all administrative expenses and post-Effective Date professional fees and costs.

To stay operational, its principals borrowed upwards of \$500,000.00 (the amount scheduled is \$494,000.00) from four "hard money" lenders (factors): Arch Capital, Power Up Lending Group, Quarter Spot and Yellow Stone Capital, LLC. Power Up Lending Group entered a Confessed Judgment for \$129,449.87 in the Supreme Court of the State of New York, County of Nassau at Index No. 16/1157. All of these lenders were scheduled as unsecured creditors. Arch Capital and Yellowstone were also scheduled as contingent and disputed and as such, are not included in Class 5 (unsecured). None of these four (4) unsecured creditors have filed a proof of claim. The Arch Capital, Yellow Stone Capital and Power Up loans have each been guaranteed by the Debtor's principals, Owen Luttinger and Richard Luttinger. Upon advice of counsel, Debtor believes that these loans may be usurious under Florida law and, therefore, may be voided. It is Debtor's intention to file adversary proceedings against these Creditors, and depending on the results either: (a) pay one or all of these creditors as part of Class 5; or (b) if successful in the Adversary and monies are recovered, distribute any proceeds to the general unsecured creditors on a pro-rata basis (Class 5).

## **5. Special Class Of Unsecured Creditor**

The Debtor's largest creditor is the U.S. Small Business Administration ("SBA") which is owed a total of \$1,811,209.33 for two (2) loans: \$391,799.67 (POC-20) and \$1,419,409.66 (POC-21) (collectively, the "SBA Loans"). While the SBA Loans were initially secured by a second position on all of the assets of the Debtor, the UCC-1's were allowed to lapse and the SBA Loans are now unsecured. The Debtor's stockholders, Owen Luttinger, Richard Luttinger and Mark Goldstein, each personally guaranteed the SBA Loans. These two claims are treated in a special general unsecured class (Class 6) and will receive payments of \$5,000.00 per month for sixty (60) months for a total payment of \$300,000.00 in complete and full settlement of the SBA Loans totaling \$1,811,209.33 and will release the personal guarantors.

Class	Impairment	Treatment
<p>Class 6- Special Unsecured Class</p> <p>Claim of SBA in the amount of \$1,811,209.33 for two loans: \$391,799.67 (POC-20) and \$1,419,409.66 (POC-21).</p> <p>Plan Payment Term: 5 years</p> <p>Plan Payments:\$5,000 per month for 60 months, for a total payment of \$300,000.00</p>	Impaired	<p>Class 6 consists of the Debtor's largest creditor, the U.S. Small Business Administration (SBA) which is owed a total of \$1,811,209.33 for two loans: \$391,799.67 (POC-20) and \$1,419,409.66 (POC-21). <b>These loans are unsecured.</b> While the SBA Loans were initially secured by a second position on all of the assets of the Debtor, the UCC-1's were allowed to lapse and the SBA Loans are now unsecured. The Debtor's stockholders, Owen Luttinger, Richard Luttinger and Mark Goldstein, each personally guaranteed the SBA Loans. These two claims are treated in a special general unsecured class (Class 6) and will receive payments of \$5,000.00 per month for sixty (60) months for a total payment of \$300,000.00 in complete and full settlement of the SBA Loans totaling \$1,811,209.33 and will release the personal guarantors.</p>

## 6. Class of Equity Interest Holders

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

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

Class	Impairment	Treatment
<p><b>Class 7</b> Allowed Equity Interests</p> <p>Present Equity Interest Holders: Owen Luttinger -1/3 Richard Luttinger-1/3 Mark Goldstein-1/3</p> <p>(No insider claims)</p>	Impaired	<p>Class 7 consists of Equity Interests. Equity Interests consist of any share of preferred stock, common stock or other instrument evidencing an ownership interest in the Debtor, whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest.</p> <p><b>Upon the effective date of the Debtor's Plan of Reorganization, Owen Luttinger and Richard Luttinger will each become 50% equity shareholders in the newly reorganized Debtor. Mark Goldstein will no longer have any affiliation or employment with the Reorganized Debtor. Owen Luttinger and Richard Luttinger will <u>each</u> pay the sum of \$24,000.00 to the unsecured creditors, pari passu, over a 12 month period starting on the effective date of the Plan. (The total of \$48,000.00 will be distributed quarterly during the first year of the Plan- Class 5).</b></p>

The Debtor does not believe the absolute priority rule applies. The Debtor waived its right to Plan exclusivity. However, if a successful objection is timely raised regarding the absolute priority rule, Owen Luttinger and Richard Luttinger reserve the right to have the amount of money they are contributing to fund payments (\$48,000.00) under the Debtor's Plan to be deemed "new value", and the absolute priority rule will not bar confirmation of the Debtor's Plan. Any new value received by the Debtor shall be used to fund the Plan.

### **B. Treatment of Unimpaired Claims**

Certain types of claims are automatically entitled to specific treatment under the Bankruptcy Code. These claims are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code.

### **C. Vesting of the Property of the Estate**

Except as otherwise provided in the Plan and the Confirmation Order, on the Effective Date, Reorganized Debtor shall be vested with all of the property of the Estate free and clear of all Claims, liens, encumbrances, charges, and other interests, including but not limited to that of holders of Claims and holders of Equity Interests. The Reorganized Debtor shall assume all of the Debtor's rights, obligations and liabilities under the Plan, and will continue to use all property of the Estate in the ordinary course of business.

### **D. Source of Plan Funding**

Funds to be used to make cash payments under the Plan will initially be derived from the Debtor's cash on deposit (\$23,237.40 on 11/30/17) and then, going forward the cash payments due under the Plan shall come from the profits of the reorganized Debtor. The cash infusion from Owen Luttinger and Richard Luttinger in the total amount of \$48,000.00 shall be paid to unsecured creditors in quarterly installments during the first year of the Plan. Debtor's business is and has been profitable. As shown on the attached Profit and Loss Statement for 2017 (Exhibit "C"), the Debtor show a net profit of \$178,674.45 for the ten (10) months that it has been in bankruptcy. The last six months (since Debtor downsized and moved) have been the most profitable: \$47,015.72 profit in June 2017 (DE#95); \$38,026.92 profit for July 2017(DE#98); \$31,534.57 profit for August 2017 (DE#105); \$35,714.95 profit for September (DE#108); \$33,705.40 profit for October (DE#109); and \$30,646.50 profit for November 2017. Debtor is optimistic that it can successfully reorganize and repay, pursuant to this Plan, the allowed claims.

In order to assist in funding the Debtor's business operations under the Plan, the Debtor may retain any cash on hand, any funds in its bank accounts, and may retain amounts received from accounts receivable to pay accounts payable. Accordingly, Debtor asserts that it is able to perform all of its obligations under the Plan, and as such, the Plan satisfies section 1129(a)(11) of the Code.

### **E. Risk Factors**

Assuming that the Plan is confirmed, the Plan's success going forward depends almost entirely on a combination of the ability of Reorganized Debtor's ability to continue its operations on a cash-flow positive basis. Both of these variables depend, in turn, on the stability and recovery of the economy in and around Broward County, the State of Florida generally, and the United States.

The proposed Plan has the following risks:

- (i) There is no guarantee that the projected income will remain as proposed for the next five (5) years. The Debtor has provided its best estimate based on historical income and current factors.
- (ii) Natural hazards, including extreme weather conditions, such as hurricanes, could have an impact on the Debtor's ability to maintain the cash flow projected herein.
- (iii) Failure to satisfy vote requirement – the Debtor is seeking the affirmative vote of at least one class of creditors. If the Plan does not receive sufficient votes for confirmation pursuant to 11 U.S.C. §1129(a), then the Plan cannot be confirmed.
- (iv) The Plan may not be accepted or confirmed – while the Debtor believes that the Plan is confirmable under the standards set forth in 11 U.S.C. §1129, there is no assurance that the Bankruptcy Court will find the Plan to be confirmable. If the Plan is not confirmed, it is possible that an alternative plan can be negotiated and presented to the Bankruptcy Court for approval, but there is also no assurance that an alternative plan would be confirmed, that the case will not be converted to a Chapter 7 proceeding, or that any alternative plan of reorganization could or would be formulated on terms as favorable to the creditors and the Debtor as the terms of the Plan.

### **F. Disputed Claims**

Notwithstanding any other provision of the Plan, if any portion of a Claim is disputed, the full amount of such Claim shall be treated as a Disputed Claim for purposes of this Plan, and no payment or Distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim or Allowed Equity Interest (in whole or in Part). Debtor has indicated no disputed claims on its Schedules filed at [DE 1].

### **G. Disallowed Claims**

All Claims held by Persons against whom the Debtor or Reorganized Debtor has commenced an Action under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Code, shall be deemed “disallowed” Claims pursuant to section 502(d) of the Code and holders of such Claims shall not be entitled to vote to accept or reject the Plan. Claims that are deemed disallowed shall continue to be disallowed for all purposes until the avoidance action against such party has been settled or resolved by Final Order and any sums due to the Estate from such

party have been paid. Debtor has not commenced any action, nor has Debtor identified any actions to be commenced under sections 542, 543, 544, 545, 547, 548, 549, and/or 550 of the Code.

#### **H. Disbursing Agent**

The Reorganized Debtor or such Person(s) as the Reorganized Debtor may designate with approval of the Court, will act as Disbursing Agent under the Plan with respect to all Distributions to holders of Claims and Equity Interests, and will make all distributions required to be distributed under the applicable provisions of the Plan.

#### **I. Unclaimed Distributions**

Upon return of any plan distribution, Debtor shall issue letter correspondence to the last known address indicated on Debtor's schedules or applicable proof of claim. Debtor's correspondence shall include a check for the applicable Plan Payment and provide all necessary case information to enable Creditor's determination of the applicability of Debtor's plan payment. Any payments made pursuant to Plan that are unclaimed for a period of six (6) months shall be forfeited by the holder and will be re-deposited in the Disbursing Agent's account in accordance with 11 U.S.C. §347(b).

#### **J. Determination of Tax Liability**

The Debtor reserves its right to seek determination of any tax liabilities pursuant to 11 U.S.C. §505.

#### **K. Treatment of Executory Contracts and Unexpired Leases**

The Bankruptcy Code gives the Debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Rejection or assumption may be effected pursuant to a plan of reorganization.

Pursuant to sections 365(a) and 1123(b)(2) of the Code, all Executory Contracts and unexpired leases between the Debtor and any Person, as set forth in the table below, shall be deemed assumed by the Reorganized Debtor as of the Effective Date, except for any Executory Contract or unexpired lease (i) which previously has been assumed or rejected pursuant to an order of the Court entered prior to the Effective Date or (ii) as to which a motion for approval of the assumption or rejection of such Executory Contract or unexpired lease has been filed and served prior to the Effective Date.

<b>Party to Executory Contract or Unexpired Lease</b>	<b>Description</b>	<b>Payment(s)</b>
Heidelberg	Software provider	\$1,200.00 per month.

**TO THE EXTENT THERE ARE ANY EXECUTORY CONTRACTS OR LEASES REJECTED BY THE DEBTOR PROOF OF CLAIM FOR DAMAGES ARISING FROM**

**THE REJECTION OF AN EXECUTORY CONTRACT OR LEASE MUST BE FILED WITH THE COURT WITHIN THIRTY DAYS AFTER THE ENTRY OF THE ORDER CONFIRMING THE PLAN.**

**L. Legal Proceedings**

**1. Potential Bankruptcy Causes of Action**

Except as otherwise provided expressly in Debtor's Plan of Reorganization, including, without limitation, subsection (b) below, or in any contract, instrument, release or other agreement entered into in connection with the Plan or by Order of the Court, in accordance with §1123(b) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any claims, rights, and causes of action under §§ 544 through 550, inclusive, of the Bankruptcy Code or any other applicable law. Debtor may pursue any such claims, rights and causes of action in accordance with what it determines to be in its best interests. Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

**2. Preservation of Claims and Causes of Action**

The Plan provides that the Debtor shall retain the right to prepare, file, pursue, prosecute, and settle the causes of action, whether or not such causes of action have been asserted or commenced as of the Effective Date, as a representative of the estate pursuant to 11 U.S.C. §1123(b)(3)(B).

To the extent that certain causes of action are filed by the Debtor, and are not resolved prior to the Effective Date, such causes of action will re-vest in the Debtor pursuant to the terms of the Plan. At the present time, Debtor has not identified any other causes of action to pursue.

**M. Debtor's Post-Confirmation Management**

**Upon the effective date of the Debtor's Plan of Reorganization, Owen Luttinger and Richard Luttinger will each become 50% equity shareholders in the newly reorganized Debtor. Mark Goldstein will no longer have any affiliation or employment with the Reorganized Debtor. Owen Luttinger and Richard Luttinger will each pay the sum of \$24,000.00 to the unsecured creditors, pari passu, over a 12 month period starting on the effective date of the Plan. (The total of \$48,000.00 will be distributed quarterly during the first year of the Plan- Class 5).**

**VIII. CONFIRMATION REQUIREMENTS AND PROCEDURES**

To be confirmable, the Plan must meet the requirements listed in 11 U.S.C. §1129(a) or (b). These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity interest holder would receive in a Chapter 7 liquidation case, unless the creditor or equity interest holder



votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in §1129, and they are not the only requirements for confirmation.

## **A. Voting Requirements**

### **1. Claimants and Impaired Interest Holders**

Claimants and Interest Holders entitled to vote under the Plan must affirmatively act in order for the Plan to be confirmed by the Court. According to the Debtor's Plan, Classes 1 and 3 are "impaired" classes within the meaning of 11 U.S.C. §1124. These classes, accordingly, must vote to accept the Plan in order for the Plan to be confirmed without a cramdown. A Claimant who fails to vote to either accept or reject the Plan will not be included in the calculation regarding acceptance or rejection of the Plan.

The Plan will be confirmed by the Bankruptcy Court and made binding upon all Claimants and Interest holders if: (a) with respect to impaired classes of Claimants, the Plan is accepted by holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each such class voting upon the Plan, and (b) with respect to classes of Interest Holders, if the Plan is accepted by the holders of at least two-thirds (2/3) in amount of the allowed interests of such class held by holders of such interests. In the event the requisite acceptances are not obtained, the Bankruptcy Court may, nevertheless, confirm the Plan if it finds that the Plan accords fair and equitable treatment to any class rejecting it. Your attention is directed to 11 U.S.C. §1129 for details regarding the circumstances of such "cramdown" provisions.

Any vote by a holder of a Claim or Interest shall not be counted if such Claim or Interest has been disallowed or is the subject of an unresolved objection, absent an order of the Bankruptcy Court allowing such claim for voting purposes pursuant to Bankruptcy Code § 502 Code and Federal Rule of Bankruptcy Procedure 3018.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot or ballots and return them in the postage-paid envelope provided.

**TO BE SURE YOUR BALLOT IS COUNTED, IT MUST BE COMPLETELY FILLED IN, SIGNED, AND RECEIVED AT:**

**Clerk for the United States Bankruptcy Court for the Southern District of Florida, Fort Lauderdale Division, Room 112, United States Courthouse, 299 East Broward Blvd, Fort Lauderdale, Florida 33301**

with a courtesy copy to:

Van Horn Law Group, P.A.  
330 N. Andrews Avenue, Suite 450  
Fort Lauderdale, Florida 33301

If your ballot is not signed and returned to the Clerk of Court as described, it will not be counted. Failure to provide Debtor's counsel with a courtesy copy will not invalidate your ballot. If your ballot is damaged or lost, or if you do not receive a ballot, you may request a replacement by addressing a written request to the Debtor's attorney, Van Horn Law Group, P.A., 330 N. Andrews Avenue, Suite 450; Fort Lauderdale, Florida, 33301. Please follow the directions contained on the enclosed ballot carefully.

## **B. Cramdown**

In the event that any impaired Class of creditors with claims against the Debtor's Estate fails to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, the Debtor will request the Bankruptcy court to confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code (the "**Cramdown Provisions**") For purposes of seeking confirmation of the Plan under the Cramdown Provisions, the Debtor reserves the right to modify or vary the terms of the Plan or the treatment of the Claims of those Classes that rejected the Plan so as to comply with the requirements of the Cramdown Provisions.

## **C. Confirmation Hearing**

The Bankruptcy Court shall schedule the Confirmation Hearing to consider confirmation of the Plan before the Honorable John K. Olson, Judge for the United States Bankruptcy Court for the Southern District of Florida, Fort Lauderdale Division, located at the United States Bankruptcy Court, U. S. Courthouse, 299 East Broward Blvd., Courtroom 301, Fort Lauderdale, FL 33301.

The Confirmation Hearing may be adjourned from time to time without notice except as given at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing. The Bankruptcy Court shall set forth a deadline to file objections, if any, to the approval of this Disclosure Statement or the confirmation of the Plan.

## **D. Effects of Confirmation of the Plan**

### **1. Discharge**

This Plan provides that upon the Effective Date, Debtor shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. §1141. However, any liability imposed by the Plan will not be discharged.

### **2. Final Decree**

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

### **E. Objections to Confirmation**

Any objection to the confirmation of the Plan must be made within the time period set forth on the Order Approving Disclosure Statement and Setting Confirmation Hearing to:

**Clerk for the United States Bankruptcy Court for the Southern District of Florida, Fort Lauderdale Division, Room 112, United States Courthouse, 299 East Broward Blvd, Fort Lauderdale, Florida 33301**

with copies to: **VAN HORN LAW GROUP, P.A.**  
330 N. Andrews Avenue, Suite 450  
Fort Lauderdale, Florida 33301

and **OFFICE OF THE UNITED STATES TRUSTEE**  
51 SW First Avenue, #1204  
Miami, Florida 33130

Objections to confirmation of the Plan are governed by Federal Rule of Bankruptcy Procedure 9014. Unless an objection to confirmation is timely served and filed it may not be considered by the Bankruptcy Court.

### **IX. LIQUIDATION AND FEASIBILITY ANALYSIS**

A Plan proponent must demonstrate as a condition of confirmation, that each impaired Class of Creditors will receive as much as it would receive in a Chapter 7 proceeding. A Plan proponent must also demonstrate that the Plan is “feasible,” i.e., that confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtor. The Debtor has prepared and has attached a Liquidation Analysis as Exhibit “B.”

If no plan can be confirmed, the Debtor’s Chapter 11 Case may be converted to a case under Chapter 7, in which a trustee would be elected or appointed to liquidate the assets of the Debtor for distribution to its creditors in accordance with the priorities established by the Bankruptcy Code. The Debtor believes that a Chapter 7 liquidation represents an alternative inferior to the Plan in all material respects. The Debtor believes that at this time liquidation under Chapter 7 would result in diminution of the value of his Estate because of additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist a trustee.

Debtor believes that it will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date and, further, that the Reorganized Debtor will generate sufficient cash through operations to fund the Plan during the Plan distribution period. The Budget demonstrates the Debtor’s ability to make all payments required under this Plan. These projections make certain assumptions and take into account Debtor’s plans for the future. Accordingly, Debtor asserts that it is able to perform all of its obligations under the Plan, and as such, the Debtor’s Plan satisfies §1129(a)(11) of the Code. See the Budget - Exhibit “A”; Profit & Loss Statement for 2017 - Exhibit “C”; and Five Year

Projection - Exhibit "D" demonstrating the Debtor's ability to make payments required under this Plan.

## **X. MISCELLANEOUS**

### **A. Amendment or Modification of Plan**

Alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time prior to the Confirmation Date in conformity with section 1127(a) of the Code, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122, 1123 and 1129 of the Code, and the Debtor shall have complied with section 1125 of the Code. The Plan may be altered, amended or modified by the Debtor at any time after the Confirmation Date in conformity with section 1127(b) of the Code, provided that the Plan, as altered, amended or modified, satisfies the requirements of sections 1122 and 1123 of the Code and the Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under section 1129 of the Code and the circumstances warrant such alterations, amendments or modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder. Prior to the Effective Date, the Debtor, and without the approval of the Bankruptcy Court, and without notice to all holders of Claims and Interests, insofar as it does not materially adversely affect the interests of holders of Claims and Interests, may correct any defect, omission or inconsistency in this Plan in such manner and to such extent as may be necessary to expedite the execution of this Plan.

### **B. Confirmation Order Controls**

To the extent the Disclosure Statement is inconsistent with the Plan, the Plan shall control. To the extent that the Plan, the Disclosure Statement or any agreement entered into between or among the Debtor and any third party is inconsistent with the Confirmation Order, the Confirmation Order shall control.

### **C. Effectuating Documents and Further Transactions**

The Debtor or Reorganized Debtor, as the case may be, is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to implement, effectuate and further evidence the terms and conditions of the Plan and any notes or securities issued pursuant to the Plan.

### **D. Terms of the Plan are Binding**

Pursuant to Section 1141 of the Bankruptcy Code, the Plan and all of its terms, when approved and confirmed by the Bankruptcy Court, shall be binding upon, including, without limitation, the Debtor, the Debtor's Estate, the Reorganized Debtor, all holders of Claims, Allowed or not, and their respective successors and assigns.

If, after the Confirmation Date, any term or provision of this Plan is determined to be unenforceable, the remaining terms and provisions of this Plan shall nonetheless continue in full force and effect.

### **E. Injunction**

Upon the Effective Date of the Plan, all Persons who have been, are or may be holders of Claims (including Late Filed Claims) against the Debtor, shall be enjoined from taking any actions against or affecting the Debtor, or the Reorganized Debtor, on account of such Claims or Equity Security Interest (other than actions brought to enforce any rights or obligations under the Plan), including without limitation:

1. Against the filing, commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or success except as specifically authorized in the Plan;

2. Enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment award, decree or other Order against the Debtor, with respect to any property of any of the foregoing or any of the direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferees or successor, except as specifically authorized in the Plan;

3. Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any liens or encumbrances against the Debtor, with respect to any property of any of the foregoing or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing, or any property of any such transferee or successor except as specifically authorized in the Plan;

4. Setting-off, seeking reimbursement or contribution from or subrogation against or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to the Debtor, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing except as specifically authorized in the Plan; or

5. Proceeding in any manner and any place with regard to liquidating any Claim in any forum other than United States Bankruptcy Court for the Southern District of Florida or, if that Court does not have jurisdiction thereon, in the United States District Court for the Southern District of Florida, or in such forum deemed appropriate by the Debtor.

## **XI. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT**

The Bankruptcy Court shall retain jurisdiction of these proceedings after the Confirmation Date of this Plan until the entry of the final decree pursuant to Bankruptcy Rule

3022 for the following purposes:

A. To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting, therefrom;

B. To determine any and all adversary proceedings, motions, applications and contested matters, and other litigated matters pending on the Confirmation Date;

C. To hear and determine any objections to or the allowance, classification, priority, compromise, estimation or payments of any Administrative Claims or Claims;

D. To ensure that Distribution to holders of Allowed Claims are accomplished as provided in the Plan;

E. To enter and implement such order as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

F. To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Code;

G. To consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan, the Plan supplement, or any order of the Court, including, without limitation, the Confirmation Order;

H. To hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 330, 331, and 503(b) of the Code;

I. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;

J. To recover all Assets of the Debtor and Property of the Estate, wherever located;

K. To determine any Claim of or any liability to a governmental unit that may be asserted as a result of the transactions contemplated herein;

L. To enforce the Plan, the Confirmation Order and any other order, judgment, injunction or ruling entered or made in the Case, including, without limitation, the discharge, injunction, exculpation and releases provided for in the Plan;

M. To take any action and issue such order as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation;

N. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Code (including, but not limited to, an

expedited determination under section 505(b) of the Code of the tax liability of the Debtor for all taxable periods through the Effective Date for all taxable periods of the Debtor through the liquidation and dissolution of such entity);

O. To hear any other matter not inconsistent with the Code; and

P. To enter a final decree closing the Case; provided however, that nothing in the Plan shall divest or deprive any other court or agency of any jurisdiction it may have over the Reorganized Debtor under applicable environmental laws.

## **XII. ALTERNATIVES TO THE PLAN**

All payments by the Debtor as provided for in the Plan shall be financed by the operation of Debtor's business.

There are three possible consequences if the Plan is rejected or if the Bankruptcy Court refuses to confirm the Plan: (a) the Bankruptcy Court could dismiss the Debtor's Chapter 11 Bankruptcy Case, (b) the Debtor's Chapter 11 Bankruptcy Case could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code, or (c) the Bankruptcy Court could consider an alternative plan of reorganization proposed by the Debtor or by some other party.

### **A. Dismissal**

If the Debtor's Bankruptcy Case was to be dismissed, the Debtor would no longer have the protection of the Bankruptcy Court and the applicable provisions of the Bankruptcy Code. Dismissal would force a race among creditors to take over and dispose of the Debtor's available assets. In this case, People's has a first lien on the accounts receivable. There is very little in the way of assets after that. Thus, the Debtor's assets could be sold and no creditors, other than *the secured lender*, People's would receive consideration.

### **B. Chapter 7 Liquidation**

If the Plan is not confirmed, it is possible that the Debtor's Bankruptcy Case will be converted to a case under Chapter 7 of the Bankruptcy Code, in which case a trustee would be appointed to liquidate the Debtor's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. Whether a bankruptcy case is one under Chapter 7 or Chapter 11, Secured Claims, Administrative Claims, and Priority Unsecured Claims are entitled to be paid in full before unsecured creditors receive any funds. The Chapter 7 trustee would be entitled to receive the compensation allowed under 11 U.S.C. §326. The trustee's compensation is based on 25% of the first \$5,000 or less; 10% of any amount in excess of \$5,000 but not in excess of \$50,000; 5% of any amount in excess of \$50,000 but not in excess of \$1,000,000; and reasonable compensation not to exceed 3% of any amount in excess of \$1,000,000, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims.

Attached hereto as Exhibit "B" is the Debtor's liquidation analysis.

### **XIII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

A summary description of certain United States federal income tax consequences of the Plan is provided below. The description of tax consequences below is for informational purposes only and, due to lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various U.S. federal income tax consequences of the Plan as discussed herein. Only the potential material U.S. federal income tax consequences of the Plan to the Debtor and to a typical holder of claims and interests who are entitled to vote or to accept or reject the Plan are described below. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan, and no tax opinion is being given in the Disclosure Statement. No rulings or determination of the Internal Revenue Service (the "IRS") or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or such other authorities. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to the Debtor or to any holder of claims or interests. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

The discussion of the U.S. federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated and proposed thereunder, judicial authorities, and administrative rulings and pronouncements of the IRS and other applicable authorities, all as in effect on the date of this document. Legislative, judicial, or administrative changes or interpretations enacted or promulgated in the future could alter or modify the analyses and conclusions set forth below. It cannot be predicted at this time whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained therein would affect the tax consequences to the holders of claims and interests (the "Claimants"). Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences discussed below.

**THIS DISCUSSION DOES NOT ADDRESS FOREIGN, STATE, OR LCOAL TAX CONSEQUENCES OF THE PLAN, NOR DOES IT PURPORT TO ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO SPECIAL CLASSES OF TAXPAYERS (SUCH AS FOREIGN ENTITIES, NONRESIDENT ALIEN INDIVIDUALS, PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS AND HOLDERS THROUGH SUCH PASS-THROUGH ENTITIES, S CORPORATIONS, MUTUAL FUNDS, INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, SMALL BUSINESS INVESTMENT COMPANIES, REGULATED INVESTMENT COMPANIES, CERTAIN SECURITIES TRADERS, BROKER-DEALERS AND TAX-EXEMPT ORGANIZATIONS). FURTHERMORE, ESTATE AND GIFT TAX ISSUES ARE NOT ADDRESSED AND TAX CONSEQUENCES RELATING TO THE ALTERNATIVE MINIMUM TAX ARE GENERALLY NOT DISCUSSED.**

**NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT A TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN**



## **TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.**

### **A. U.S. Federal Income Tax Consequences to the Debtor**

#### **1. Cancellation of Indebtedness Income**

Generally, the discharge of a debt obligation owed by a debtor for an amount less than the “adjusted issue price” (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) gives rise to cancellation of indebtedness (“COD”) incomes to the debtor, subject to certain rules and exceptions. However, when the discharge of indebtedness occurs pursuant to a plan approved by the Bankruptcy Court in a case under title 11 of the Bankruptcy Code (e.g., chapter 11 case), there is a special rule under the Tax Code that specifically excludes from a debtor’s income the amount of such discharged indebtedness (the so-called “bankruptcy exception”). Instead, certain of the debtor’s tax attributes otherwise available generally must be reduced by the amount of the COD income that is excluded from the debtor’s income. Such reduction of tax attributes generally occurs in the following order: (i) net operating losses and net operating loss carryovers (collectively, “NOLs”), (ii) general business credits, (iii) minimum tax credits, (iv) capital loss carryovers, (v) the tax basis of debtor’s property (both depreciable and non-depreciable), (vi) passive activity loss and credit carryovers, and (vii) foreign tax credit carryovers (although there is a special rule in the Tax Code which allows the debtor to elect to first reduce the tax basis of depreciable property before having to reduce NOLs and other attributes).

Under current Income Tax Regulations, the availability of the “bankruptcy exception” in the context of an affiliated group is made on a “separate entity” basis and not on an “affiliated group” basis. In addition, with regard to tax attribute reduction in the context of an affiliated group, recently adopted Income Tax Regulations (§1.1502-28) suggest a “hybrid” method of attribute reduction. Under the current Tax Regulations only member corporations can file on a consolidated tax basis.

Under these regulations, the tax attributes of the separate corporate member having excluded COD income is first reduced, followed by a reduction of the tax attributes of the subsidiary members (to the extent of any stock basis reduction). Then, to the extent a corporate member’s excluded COD income exceeds that corporate member’s separate entity tax attributes, the consolidated tax attributes allocated to the other corporate members are proportionately reduced.

### **B. U.S Federal Income Tax Consequences to an Investor Typical of the Holders of Claims and Interests.**

The U.S. federal income tax consequences of the implementation of the Plan to the Claimants, typical of the holders of claims and interests who are entitled to vote to confirm or reject the Plan, will depend on a number of factors, including: (i) whether the Claim constitutes a “security” for U.S. federal income tax purposes, (ii) the nature and origin of the Claim, (iii) the manner in which the holder acquired the Claim, (iv) the length of time the Claim has been held,

(v) whether the Claim was acquired at a discount, (vi) whether the holder has taken a bad debt deduction or loss with respect to the Claim (or any portion thereof) in the current year or in any prior year, (vii) whether the holder has previously included in its taxable income accrued but unpaid interest with respect to the Claim; (viii) the Holder's method of tax accounting, (ix) whether the Claim is an installment obligation for U.S. federal income tax purposes, and (x) the timing of any distributions under the Plan.

### **1. Gain or Loss Recognition on the Satisfaction of Claims and Character of Gain or Loss**

Claimants will generally not recognize gain, but may recognize loss, with respect to the amount in which the Claimants receive on their claims (generally, the amount of cash and the fair market value of any other property received in satisfaction of the Debtor's obligations) that either exceeds, on one hand, or is less than, on the other hand, the Claimant's basis in the Claim. Thus, it is possible that certain Claimants may recognize a gain or loss as a result of distributions under the Plan.

In general, gain or loss is recognized by any such Claimant is either capital or ordinary in character. The character is dependent upon the underlying nature of the claim and whether such claim in the hands of the Claimant, constitutes a capital asset. To the extent that a debt instrument is acquired after its original issuance for less than the issue price of such instrument, it will have market discount. A holder of a claim with market discount must treat any gain recognized on the satisfaction of such Claim as ordinary income to the extent that it does not exceed the market discount that has already been accrued with respect to such claim. There may also be state, local or foreign tax considerations applicable to particular holders of claims, none of which are discussed herein. **Claimants should consult their own tax advisors for information that may be relevant to their particular situations and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.**

### **2. Holders of Disputed Claims**

Although not free from doubt, holders of disputed claims should only be required to report their gain or loss on the cash or other property that is ultimately distributed out to the Claimant free from any further restrictions. **Holders of disputed claims are urged to consult their own tax advisors regarding the taxation of their disputed claims and the timing and amount of income or loss recognized relating to the Disputed Claims Reserve.**

### **3. Information Reporting and Backup Withholding**

Certain payments, including payments in respect of accrued interest or market discount, are generally subject to information reporting by the payor to the IRS. Moreover, such reportable payments may be subject to backup withholding. Under the Tax Code's backup withholding rules, a U.S. claimant may be subject to backup withholding. Under the Tax Code's backup withholding rules, a U.S. claimant may be subject to backup withholding at the applicable rate with respect to certain distributions or payments pursuant to the Plan, unless the Claimant: (i) comes within certain exempt categories (which generally include corporations) and, when

required, demonstrates this fact; or (ii) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the holder is a U.S. person, the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Payments made to Foreign Claimants may also be subject to withholding, which may be reduced under an applicable Treaty.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and the Claimant may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

### **C. Importance of obtaining Professional Tax Assistance**

**THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIMHOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIMHOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.**

### **D. Circular 230 Disclaimer**

**THE IRS REQUIRES WRITTEN ADVICE REGARDING ONE OR MORE U.S. FEDERAL TAX ISSUES TO MEET CERTAIN STANDARDS. THOSE STANDARDS INVOLVE A DETAILED AND CAREFUL ANALYSIS OF THE FACTS AND APPLICABLE LAW WHICH WE EXPECT WOULD BE TIME CONSUMING AND COSTLY. WE HAVE NOT MADE AND HAVE NOT BEEN ASKED TO MAKE THAT TYPE OF ANALYSIS IN CONNECTION WITH ANY ADVICE GIVEN IN THE FOREGOING DISCUSSION. AS A RESULT, WE ARE REQUIRED TO ADVISE YOU THAT ANY U.S. FEDERAL TAX ADVICE RENDERED IN THE FOREGOING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED AND CANNOT BE USED FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED BY THE IRS.**

## **XIV. CONCLUSION**

**THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS DESIRABLE AND IN THE BEST INTERESTS OF CREDITORS AND INTEREST HOLDERS.** The Plan provides for equitable distributions to all Classes of the Debtor's creditors. Any alternative to confirmation of the Plan, such as liquidation under Chapter 7 of the Bankruptcy Code or attempts by another party in interest to file a plan, would result in significant delays, litigation and cost. More importantly, the Plan proposes a distribution to

unsecured creditors substantially greater than such creditors would receive in the absence of this Plan. Debtor believes that a plan filed by another party in interest could only be confirmed over objection of one or more impaired Classes, and would generate costly and time-consuming litigation. Any delays in the confirmation of this Plan would jeopardize the viability of the Debtor as a going concern, and therefore diminish the probability of distributions to unsecured creditors. As illustrated in Debtor's "Liquidation Analysis" attached hereto, Debtor believes that its creditors will receive greater recoveries under the Plan than those which could otherwise be achieved. **FOR THESE REASONS, THE DEBTOR URGES YOU TO RETURN YOUR BALLOT ACCEPTING THE PLAN.**

## Exhibit "A" - Budget

<b>MOR Printing Inc.</b>	<b>February-17</b>	<b>March-17</b>	<b>April-17</b>	<b>May-17</b>	<b>June-17</b>	<b>July-17</b>	<b>August-17</b>	<b>September-17</b>	<b>October-17</b>	<b>November-17</b>	<b>Average/Projection Moving Forward</b>
Beginning Balance*	\$9,278.00	\$104,413.00	\$84,753.00	\$28,850.00	\$18,987.00	<u>\$79,768.00</u>	<u>\$23,834.00</u>	<u>\$5,935.00</u>	<u>\$9,538.00</u>	<u>-\$1,760.00</u>	\$54,341.50
Income*	\$438,556.00	\$420,021.00	\$314,949.00	\$502,719.00	\$552,512.00	\$314,590.00	\$707,219.00	\$337,277.00	\$469,802.00	\$364,592.00	\$423,891.17
Expenses*	\$343,421.00	\$439,681.00	\$370,852.00	\$512,582.00	\$491,731.00	\$370,524.00	\$725,518.00	\$333,674.00	\$481,100.00	\$339,594.00	\$421,465.17
Monthly Cash Flow*	\$95,135.00	-\$19,660.00	-\$55,903.00	-\$9,863.00	\$60,781.00	-\$55,934.00	-\$18,299.00	\$3,603.00	-\$11,298.00	\$30,646.00	\$1,920.80
Ending Balance*	\$104,413.00	\$84,753.00	\$28,850.00	\$18,987.00	\$79,768.00	\$23,834.00	\$5,935.00	\$9,538.00	-\$1,760.00	\$23,237.00	\$56,767.50

\*Numbers are taken from the monthly operating reports.

MOR Printing, Inc.  
(Chapter 11 - Case # 17-11570-JKO)

EXHIBIT "B"

**LIQUIDATION ANALYSIS**

**Source of Funds from Non-Exempt Assets**<sup>1</sup>

1	Cash on hand	23,237.00	
2	Accounts Receivable @ 80% of face	175,294.00	
3	furniture and office equipment	10,000.00	
		<u>                    </u>	
	ASSETS:		208,531.00

**Less:**

Administrative Expenses

1	Chapter 7 Trustee Fee	13,676.55	<sup>2</sup>
2	Chapter 7 Administrative Expense	7,500.00	<sup>3</sup>
3	Chapter 11 Administrative Expenses	5,000.00	
	a. Chapter 11 Debtor Professional Fees (estimated) after application of retainer paid to Debtor's counsel)	83,000.00	
	b. US Trustee fees	1,625.00	
		<u>                    </u>	
	EXPENSES:		<u>110,801.55</u>

TOTAL ASSETS:

4	<u>Allowed Secured Claims</u>		
	a. Peoples	318,822.92	
		<u>                    </u>	
	TOTAL ALLOWED SECURED CLAIMS:		<u>318,822.92</u>

BALANCE:

Total dollar amount available to unsecured claims	0.00
Percentage of claims to which unsecured creditors would receive or retain in a Chapter 7 liquidation	0.00%
Percentage of claims to which unsecured creditors would receive through Debtors' Plan of Reorganization	10.30%

Footnotes:

<sup>1</sup> The value of partially exempted assets = value minus applicable exemption.

<sup>2</sup> The Chapter 7 Trustee Fees are calculated in accordance with 11 U.S.C. §326, which provides: "In a case under Chapter 7 or 11, the court may allow reasonable compensation under section 330 of this title of the trustee for the trustee's services, payable after the trustee renders such services, not to exceed 25 percent on the first \$5,000 or less, 10 percent on any amount in excess of \$5,000 but not in excess of \$50,000, 5 percent on any amount in excess of \$50,000 but not in excess of \$1,000,000, and reasonable compensation not to exceed 3 percent of such moneys in excess of \$1,000,000, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding the debtor, but including holders of secured claims."

<sup>3</sup> Chapter 7 Administrative Costs are difficult to quantify as they vary based on whether the Trustee employs professionals who could include attorneys, accountants, appraisers and liquidators. Therefore, the \$10,000.00 value is arbitrary and for use in this analysis only.

<sup>4</sup> U.S. Trustee Fees are calculated in accordance with 28 U.S.C. §§1930(3) and (6), which provides: "for a case commenced under Chapter 11 of title 11 that does not concern a railroad, as defined in section 101 of title 11, \$1,000... In addition to the filing fee paid to the clerk, a quarterly fee shall be paid to the United States Trustee, for deposit in the Treasury, in each case under chapter 11 of title 11 for each quarter (including any fraction thereof) until the case is converted or dismissed, whichever occurs first. The fee shall be \$325.00 for each quarter in which disbursements total less than \$15,000; [and] \$650 for each quarter in which disbursements total \$15,000 or more but less than \$75,000... The fee shall be payable on the last day of the calendar month following the calendar quarter for which the fee is owed."

**MOR PRINTING, INC.**  
**INCOME STATEMENT**  
**For the 1 Month and 10 Month Ended November 30, 2017**

	November 30, 2017	November 30, 2017
<b>Sales</b>		
Sales	\$ 364,895.08	\$ 4,094,619.72
Sales - Postage	5,346.97	211,567.15
Less Returns & Allowances	<u>0.00</u>	<u>0.00</u>
<b>Total Sales</b>	<u>370,241.05</u>	<u>4,306,186.87</u>
<b>Cost of Goods Sold</b>		
Purchases	52,562.80	800,758.11
Supplies	374.95	59,450.44
O/S Services	101,744.04	810,134.31
Freight/Postage (net)	36,008.05	419,168.86
Direct Labor & Payroll	49,081.39	890,362.21
Commissions	120.00	24,760.77
Equipment Maintenance	<u>1,229.00</u>	<u>93,833.34</u>
<b>Total Cost of Goods Sold</b>	<u>241,120.23</u>	<u>3,096,468.04</u>
<b>Gross Profit</b>	<u>129,120.82</u>	<u>1,207,718.83</u>
<b>Operating Expenses</b>		
Advertising	0.00	4,790.00
Auto & Transportation Expenses	9,306.80	80,568.16
Bank Charges	166.00	10,470.30
Credit Card Charges	4,393.51	20,589.77
Collections & Bad Debt	6.75	179.56
Contract Labor	170.00	19,092.50
Computer Expense	7,698.43	45,316.27
Donations	0.00	250.00
Depreciation & Amortization Exp	0.00	14,146.75
Equipment Leasing	0.00	70,528.86
Entertainment & Promotion	716.73	14,259.10
Insurance - Health	10,741.93	125,958.58
Insurance - Liability	4,813.11	35,655.76
Insurance - Life	772.65	10,663.83
Interest Expense	0.00	3,060.00
Legal & Consulting Expense	0.00	381.65
Licenses & Taxes	4,455.71	9,531.03
Moving Expenses	0.00	23,234.13
Office Expense	3,926.28	22,128.67
Payroll - Officers	46,366.24	364,486.20
Payroll Fees	1,225.81	18,918.39
Professional Fees	1,500.00	21,650.00
Rent Expense	0.00	76,049.39
Repairs & Maintenance	0.00	7,175.63
Security	0.00	1,261.20
Sanitation	0.00	943.26
Supplies	296.39	8,696.22
Telephone	1,898.98	29,289.89
Travel Expenses	20.00	1,774.72
Utilities	<u>0.00</u>	<u>69,232.99</u>

See Accountants' Compilation Report



1/7/18

**MOR PRINTING, INC.**  
**5 YEAR FINANCIAL FORECAST**

	9 Months Ended "Actual" October 31, 2017	Year 1 2017/2018 Annualized	Year 2 10% Dec Sales 10% Dec COGS	Year 3 10% Dec Sales 10% Dec COGS	Year 4 5% Dec Sales 5% Dec COGS	Year 5 5% Dec Sales 5% Dec COGS
<b>Sales</b>						
Sales	\$ 3,729,725	\$ 4,972,967	\$ 4,475,670	\$ 4,028,103	\$ 3,826,698	\$ 3,635,363
Sales - Postage	206,221	274,961	\$ 247,465	\$ 222,719	\$ 211,583	\$ 201,004
<b>Total Sales</b>	<b>3,935,946</b>	<b>5,247,928</b>	<b>4,723,135</b>	<b>4,250,822</b>	<b>4,038,281</b>	<b>3,836,367</b>
<b>Cost of Goods Sold</b>						
Purchases	748,195	997,593	897,834	808,051	767,648	729,266
Supplies	59,075	78,767	70,890	63,801	60,611	57,580
Outside	708,390	944,520	850,068	765,061	726,808	690,468
Freight	383,161	510,881	459,793	413,814	393,123	373,467
Direct Labor	841,281	1,121,708	1,009,537	908,583	863,154	819,997
Commissions	24,641	32,855	29,569	26,612	25,282	24,018
Equipment Maintenance	92,604	123,472	-	-	-	-
<b>Total Cost of Goods Sold</b>	<b>2,857,347</b>	<b>3,809,796</b>	<b>3,317,692</b>	<b>2,985,923</b>	<b>2,836,626</b>	<b>2,694,795</b>
<b>Gross Profit</b>	<b>1,078,599</b>	<b>1,438,132</b>	<b>1,405,444</b>	<b>1,264,899</b>	<b>1,201,654</b>	<b>1,141,571</b>
<b>Operating Expenses</b>						
Advertising	4,790	6,387	6,387	6,387	6,387	6,387
Auto & Trans Expenses	71,261	95,015	95,015	95,015	95,015	95,015
Bank Charges	10,305	13,740	13,740	13,740	13,740	13,740
Collctions & Bad Debt	173	231	-	-	-	-
Computer Expense	37,618	50,157	50,157	50,157	50,157	50,157
Contract Labor	18,923	25,231	25,231	25,231	25,231	25,231
Credit Card Charges	16,196	21,595	21,595	21,595	21,595	21,595
Depreciation Expense	14,147	14,147	-	-	-	-
Donations	250	250	-	-	-	-
Equipment Leasing	70,527	70,527	-	-	-	-
Entertainment & Promo	13,542	18,056	18,056	18,056	18,056	18,056
Insurance - Health	115,217	153,623	153,623	153,623	153,623	153,623
Insurance - Liability	30,843	41,124	41,124	41,124	41,124	41,124
Insurance - Life	9,891	13,188	13,188	13,188	13,188	13,188
Interest Expense	3,060	4,080	4,080	4,080	4,080	4,080
Legal & Consulting Exp	382	509	509	509	509	509
Licenses & Taxes	5,075	6,767	6,767	6,767	6,767	6,767
Moving Expense	23,234	23,234	-	-	-	-
Office Expense	18,202	24,269	24,269	24,269	24,269	24,269
Payroll - Officers	318,122	424,163	424,163	424,163	424,163	424,163
Payroll Fees	17,693	23,591	23,591	23,591	23,591	23,591

**MOR PRINTING, INC.**  
**5 YEAR FINANCIAL FORECAST**

	<b>9 Months Ended</b> <b>"Actual"</b> <b>October 31, 2017</b>	<b>Year 1</b> <b>2017/2018</b> <b>Annualized</b>	<b>Year 2</b> <b>10% Dec Sales</b> <b>10% Dec COGS</b>	<b>Year 3</b> <b>10% Dec Sales</b> <b>10% Dec COGS</b>	<b>Year 4</b> <b>5% Dec Sales</b> <b>5% Dec COGS</b>	<b>Year 5</b> <b>5% Dec Sales</b> <b>5% Dec COGS</b>
<b>Operating Expenses</b>						
Professional Fees	20,150	26,867	26,867	26,867	26,867	26,867
Rent Expense	76,049	76,049	-	-	-	-
Repairs & Maintenance	7,176	9,568	-	-	-	-
Sanitation	943	1,257	1,257	1,257	1,257	1,257
Security	1,261	1,681	-	-	-	-
Supplies	8,400	11,200	11,200	11,200	11,200	11,200
Telephone	27,391	36,521	36,521	36,521	36,521	36,521
Travel Expenses	1,755	2,340	2,340	2,340	2,340	2,340
Utilities	69,233	69,233	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,011,809</b>	<b>1,264,598</b>	<b>999,680</b>	<b>999,680</b>	<b>999,680</b>	<b>999,680</b>
<b>Net Operating Income</b>	<b>66,790</b>	<b>173,534</b>	<b>405,764</b>	<b>265,219</b>	<b>201,974</b>	<b>141,891</b>