

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS

In re:)
)
HAPPY HOOKER TOWING &) Case No. 17-10974
TRANSPORTATION, INC.,) Chapter 11 - Small Business Case
)
Debtor.)
_____)

DEBTOR'S DISCLOSURE STATEMENT DATED NOVEMBER 21, 2017

I. INTRODUCTION

This is the disclosure statement ("Disclosure Statement") in the small business chapter 11 case of Happy Hooker Towing & Transportation, Inc. ("Debtor"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization Dated ("Plan") filed by Debtor on November 21, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed in this Disclosure Statement. General unsecured creditors are classified in Class 3, and will receive a pro rata distribution of funds.

A. Purpose of This Document

This Disclosure Statement describes:

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

- What factors the Bankruptcy Court will consider when deciding whether to confirm the Plan
- 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
- The effect of confirmation of the Plan.

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

C. Disclaimer

The Bankruptcy Court has may conditionally approve this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Bankruptcy Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Bankruptcy Court approves this Disclosure Statement does not constitute an endorsement of the Plan by the Bankruptcy Court, or a recommendation that it be accepted. The Bankruptcy Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan.

II. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a corporation that provides towing services. The business has historically produced a positive cash flow with small profits. In 2014, the City of Wichita passed an ordinance that regulated certain towing charges on private property tows. The Debtor inadvertently overcharged for some of these services, and a lawsuit was commenced by Alyssa and Jerry Inkelaar, initially on behalf of themselves, and then on

behalf of a purported class of claimants. In addition to recovery of small overcharges, the lawsuit sought civil penalties (under the individual case) and attorney fees under the Kansas Consumer Protection Act. The lawsuit was pending when the bankruptcy case was filed, and the plaintiff class has never been certified.

B. Insiders of the Debtor

Mark J. Ysidro owns all the stock of the Debtor, and is President of the Debtor.

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, Mark J. Ysidro was the owner and manager of the Debtor, and has continued in these roles during the bankruptcy case.

After the effective date of the order confirming the Plan, the Debtor will be defunct, and the assets of the business will be transferred to HH Towing, Inc.

D. Events Leading to Chapter 11 Filing

As described above, the lawsuit filed by Alyssa and Jerry Inkelaar prompted the filing of this Chapter 11 case.

E. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

Copies of the Debtor's financial statement for 2015, 2016 and year-to-date 2017 are attached hereto collectively as Exhibit B.

I. Sale of Bankruptcy Estate Assets

The Plan provides for sale of all assets of the Debtor's bankruptcy estate to HH Towing, Inc. HH Towing, Inc. is a new entity formed by Mark J. Ysidro and/or others to purchase these assets and continue providing towing and transportation services.

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

A. What is the Purpose of the Plan of Reorganization?

As required by the Bankruptcy Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

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

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Bankruptcy Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy

petition. The Bankruptcy Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

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

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Professional Fees, as approved by the Bankruptcy Court.	\$10,000	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Bankruptcy Court on the effective date of the Plan
Office of the U.S. Trustee Fees	\$500	Paid in full on the effective date of the Plan
TOTAL	\$10,500	

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Bankruptcy Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. There are no known priority tax claims in this case.

C. Classes of Claims and Equity Interests

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

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Bankruptcy Code. If the value of the collateral or setoffs securing the creditor's

claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim. Community Bank of Wichita is the only secured creditor in this case, and its claim is in Class 2.

2. *Class of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Bankruptcy Code are required to be placed in classes. The Bankruptcy Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. There are no known claims of this type in this case.

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Bankruptcy Code. Unsecured claims are included in Class 3. Claimants previously receiving refunds from the Debtor were scheduled as creditors of the Debtor, but with zero claim amounts.

4. *Class of Equity Interest Holder*

The Debtor is a corporation, with all of its stock owned by Mark J. Ysidro. His equity claim is included in Class 4.

D. Means of Implementing the Plan

Payments and distributions under the Plan will be funded by a cash payment from HH Towing, Inc. in the sum of \$30,000.00.

E. Risk Factors

Because the Plan is funded by a lump sum payment, there are no risk factors to evaluate for holders of Allowed Unsecured Claims.

F. Executory Contracts and Unexpired Leases

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Bankruptcy Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Bankruptcy Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in the Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Bankruptcy Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, and/or Advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Bankruptcy Code. These include the requirements that: the Plan must be proposed

in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

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

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

In this case, the Plan Proponent believes that classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

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

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has

filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Bankruptcy Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

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

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

3. *Who is Not Entitled to Vote*

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

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

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

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

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

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Bankruptcy Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section [B.2.].

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

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

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

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Bankruptcy Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner

prescribed by § 1129(b) of the Bankruptcy Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Bankruptcy Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Bankruptcy Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

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

C. Liquidation Analysis

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

D. Feasibility

The Bankruptcy 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.

V. EFFECT OF CONFIRMATION OF PLAN

A. No Discharge

In accordance with § 1141(d)(3) of the Bankruptcy Code, the Debtor will not receive any discharge of debt in this bankruptcy case.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Bankruptcy Court may require a new disclosure statement and/or revoting on the Plan.

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

C. Final Decree

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

MORRIS, LAING, EVANS, BROCK &
KENNEDY, CHARTERED

/s/ William B. Sorensen, Jr.
William B. Sorensen, Jr., #10010
300 N. Mead, Suite 200
Wichita, KS 67202-2722
(316) 262-2671
wsorensen@morrisolaing.com
Attorneys for Debtor

Exhibit A - Copy of Proposed Plan of Reorganization

Exhibit B - Liquidation Analysis

Exhibit C - Prepetition and Postpetition Financial Statements

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF KANSAS

In re:)	
)	
HAPPY HOOKER TOWING &)	Case No. 17-10974
TRANSPORTATION, INC.,)	Chapter 11 - Small Business Case
)	
Debtor.)	
_____)	

DEBTOR’S PLAN OF REORGANIZATION DATED NOVEMBER 21, 2017

ARTICLE I
SUMMARY

This Plan of Reorganization under Chapter 11 of the Bankruptcy Code proposes to pay creditors of Happy Hooker Towing & Transportation, Inc. from a sale of assets. This Plan provides for one class of secured claims; one classes of unsecured claims; and one class of equity security holders. This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claims. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II
CLASSIFICATION OF CLAIMS AND INTERESTS

2.01 Class 1. All allowed claims entitled to priority under § 507 of the Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)).

- 2.02 Class 2. The secured claim of Community Bank.
- 2.03 Class 3. All unsecured claims allowed under § 502 of the Code, including unsecured claim of Community Bank
- 2.04 Class 4. Equity interests of the Debtor.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the Effective Date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

3.03 Priority Tax Claims. There are no known priority tax claims.

3.04 United States Trustee 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. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
Class 1 – Priority Claims	Unimpaired	Class 1 is unimpaired by this Plan, and each holder of a Class 1 Priority Claim will be paid in full, in cash, upon the later of the Effective Date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final nonappealable order.
Class 2 – Claims of Community Bank	Impaired	The Class 2 creditor shall receive nothing from the Debtor's estate; all liabilities to the Community Bank will be assumed by HH Towing, Inc.
Class 3 – General Unsecured Creditors	Impaired	Allowed Unsecured Claims shall receive a pro rata share of \$30,000, to be funded by the sale of estate assets to HH Towing, Inc. ¹ ; provided, however, a) the unsecured claim of Community Bank shall be subordinated to all other Allowed Unsecured Claims; and b) Allowed Unsecured Claims under \$500 shall be paid in full on the Effective Date
Class 4 – Equity Security Holders of the Debtor	Impaired	Equity Security Holders of the Debtor shall receive nothing from the Debtor's estate

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

¹ HH Towing, Inc. has been reserved with the Kansas Secretary of State's office, but not yet formed; the purchaser reserves the right to change the name prior to sale closing.

5.02 Delay of Distribution to Class 3. No distribution will be made to Class 3 until all Disputed Claims are resolved by a final non-appealable order, except for allowed claims under \$500, which shall be paid in full on the Effective Date.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes and assigns to HH Towing, Inc. the following executory contracts and/or unexpired leases effective upon the Effective Date of this Plan as provided in Article VII:

- Executory contract with Kens Auto Tow Inc. for contract labor and uniforms;
- Executory contract with Tow Service Inc. for insurance, fuel, parts, labor, taxes and supplies; and
- Lease of real property from Marks LLC

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the Effective Date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

ARTICLE VII
MEANS FOR IMPLEMENTATION OF THE PLAN

7.01 Sale of Assets.

All assets of the bankruptcy estate, including, without limitation, all assets listed on Schedules A and B (Doc #25), the company name "Happy Hooker Towing & Transportation", all of Debtor's accounts, cash, tangible property, intellectual property owned by and used by Debtor, claims, causes of action, computer systems and software, books, records, files and papers, whether in hard copy or computer format, the exclusive rights to the telephone and facsimile numbers used for Debtor's operation of its business, business licenses, all goodwill with respect to the assets being sold hereunder, and all assumed contracts and leases as provided in Section 6.01 (collectively the "Transferred Assets"), shall be sold and transferred to HH Towing, Inc. on the Effective Date, for the following consideration:

- Assumption of all liabilities to Community Bank; and
- Cash payment of \$30,000.00.

The sale is free and clear of claims, liens and encumbrances, except as otherwise provided herein.

7.02 Sale Closing to HH Towing, Inc.

On the Effective Date, Debtor shall convey the Transferred Assets to HH Towing, Inc.; HH Towing, Inc. shall assume the liabilities to Community Bank by execution of such agreements, instruments and documents as are reasonably requested by Community Bank. Additionally, HH Towing, Inc. shall deposit on the Effective Date the sum of \$30,000.00 in a separate interest bearing account at Community Bank ("Creditor Fund"), for distribution as hereinafter provided. Debtor shall execute all instruments and

documents reasonably requested by HH Towing, Inc. to effect the transfer of the Transferred Assets.

7.03 Disbursement of Creditor Fund.

On the Effective Date, Debtor shall disburse from the Creditor Fund full payment of all Allowed Unsecured Claims each less than \$500; thereafter, upon resolution of all Disputed Claims, Debtor shall disburse to holders of remaining Allowed Unsecured Claims a pro rata share of the remaining Creditor Fund.

7.04 Exemption from Transfer Tax or Fee.

Pursuant to Bankruptcy Code § 1146(a), no stamp tax or similar tax shall be imposed with respect to filing any transfer document from Debtor to HH Towing, Inc.

ARTICLE VIII
GENERAL PROVISIONS

8.01 Definitions and Rules of Construction.

The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

- Allowed Unsecured Claim - A scheduled or filed proof of claim that is not a Disputed Claim.
- Debtor - Happy Hooker Towing & Transportation, Inc.
- Disputed Claim - Defined in Section 5.01
- Effective Date - Defined in Section 8.02
- Filing Date - May 25, 2017
- Plan - This Plan of Reorganization
- Transferred Assets - Defined in Section 7.01

8.02 Effective Date of Plan.

The effective date of this Plan is the first business day following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day after the date on which the stay of the confirmation order expires or is otherwise terminated.

8.03 Severability.

If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect.

The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions.

The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect.

Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Kansas govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

8.07 Corporate Governance.

Debtor shall include in its charter a provision prohibiting the issuance of nonvoting equity securities, and providing, as to the several classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends.

8.08 Avoidance Actions.

No avoidance actions, including but not limited to actions under Bankruptcy Code § 501 *et seq.*, will be pursued. No creditor may bring an action based in whole or part on facts and circumstances under which the bankruptcy estate could have brought an action under the Bankruptcy Code, including any action otherwise available to creditors pre-petition, that could be asserted by Debtor under Bankruptcy Code § 544.

8.09 Retention of Jurisdiction.

The Bankruptcy Court shall retain jurisdiction for the following purposes:

- i. To rule on the allowance of claims and to hear any objections or motion to determine the correct amount thereof;
- ii. To hear and resolve any other matter as to interpretation of the Plan;
- iii. To allow and approve or disapprove the payment of any administrative expense not previously allowed;
- iv. To determine and resolve questions concerning the existence of a default under this Plan;
- v. To modify this Plan pursuant to Code §1127;

vi. To correct any defect, cure any omission, or reconcile any inconsistency in this Plan or Order of Confirmation, as may be necessary to carry out the purposes and intent of this Plan;

vii. To issue any order necessary to carry out the Plan; and

viii. To determine any tax liability pursuant to Code §505.

8.11 Modification.

Debtor may modify the Plan at any time before Confirmation pursuant to Bankruptcy Code §1127(a) or after confirmation pursuant to §1127(b) or (e). Other parties in interest may submit modifications after Confirmation only pursuant to §1127(e).

8.12 Exculpation/Releases.

Neither Debtor, nor any of its present or former employees, advisors, professionals (including attorneys and accountants) and agents, shall have or incur any liability to any holder of a claim or any other part in interest, or any of their respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Bankruptcy case, or the formulation, negotiation, or implementation of this Plan and/or the Disclosure Statement, including without limitation, pursuit of confirmation of this Plan or the administration of this Plan or property to be distributed under this Plan. Confirmation of this Plan will constitute an order releasing such parties from any such asserted liability.

ARTICLE IX
NO DISCHARGE OF DEBTOR

9.01. No Discharge.

In accordance with § 1141(d)(3) of the Bankruptcy Code, Debtor will not receive any discharge of debt in this bankruptcy case.

MORRIS, LAING, EVANS, BROCK &
KENNEDY, CHARTERED

/s/ William B. Sorensen, Jr.
William B. Sorensen, Jr., #10010
300 N. Mead, Suite 200
Wichita, KS 67202-2722
(316) 262-2671
wsorensen@morrisolaing.com
Attorneys for Debtor

Happy Hooker Towing & Transportation, Inc.
Profit & Loss
 January 1 through November 16, 2017

EXHIBIT B

	Jan 1 - Nov 16, 17
Ordinary Income/Expense	
Income	
CONTRACT LABOR	-67,152.57
Fees	-20.00
Sales	346,782.10
Tow Income	514,466.65
Total Income	794,076.18
Cost of Goods Sold	
VERIFICATIONS	7,522.95
Total COGS	7,522.95
Gross Profit	786,553.23
Expense	
Bankruptcy Fees	2,925.00
Party	182.21
ADVERTISING	9,496.74
Bank Card Fees	821.31
Bank Service Charges	36.68
Credit Card Processing Fees	7,886.94
DAMAGES	2,077.38
Deposition Correction	-120.12
DONATION	1,650.00
DRUG TESTING	511.00
Dues and Subscriptions	245.00
FUEL EXPENSE	32,312.51
GARNISHMENTS	286.46
Insurance	
Liability Insurance	7,508.96
Work Comp	40,889.00
Insurance - Other	25,350.13
Total Insurance	73,748.09
LATE FEE	225.00
Licenses and Permits	120.00
LOAN	-17,785.00
LOAN PAYMENT	29,274.74
MAINTANICE & REPAIR	1,048.95
MEDICAL	1,884.20
MILEAGE	10,076.00
Miscellaneous	1,097.30
Monthly Report -City of Wichita	3,210.00
Office Supplies	10,066.48
Payroll Expenses	437,807.92
Payroll Taxes	35,161.24
PHYSICALS	135.00
Postage and Delivery	4,407.93
Professional Fees	
Accounting	1,098.00
IT Consultant	4,980.11
Legal Fees	40,454.36
Total Professional Fees	46,532.47
Radio	1,056.00
REFUND	11,245.57
RENEWAL	693.18
Rent	30,000.00

Happy Hooker Towing & Transportation, Inc.
Profit & Loss
 January 1 through November 16, 2017

	Jan 1 - Nov 16, 17
Repairs	
Computer Repairs	1,893.54
Janitorial Exp	382.50
Total Repairs	2,276.04
SALE EXPENSE	9,960.00
SHOP EQUIPMENT	615.00
SHOP EXPENSE	6,107.05
TAGS	4,107.42
Taxes	
Property	2,699.75
UNEMPLOYMENT TAX	-0.01
Taxes - Other	55.00
Total Taxes	2,754.74
Telephone	9,804.50
TIRES	5,328.21
Tow Expense	6,890.10
TRASH	1,443.15
Travel & Ent	
Entertainment	313.63
Travel & Ent - Other	493.31
Total Travel & Ent	806.94
TRUCK EXPENSE	
Cameras	18.28
Parts	18,346.83
Repairs	1,752.60
TRUCK EXPENSE - Other	1,140.89
Total TRUCK EXPENSE	21,258.60
TURNPIKE FEES	284.15
UNIFORMS	4,870.19
Utilities	
Gas and Electric	4,443.98
Water	1,797.37
Total Utilities	6,241.35
VOID	0.00
Total Expense	821,063.62
Net Ordinary Income	-34,510.39
Other Income/Expense	
Other Income	
Other Income	68,000.00
Total Other Income	68,000.00
Net Other Income	68,000.00
Net Income	33,489.61

Happy Hooker Towing & Transportation, Inc.

Profit & Loss

January through December 2016

	Jan - Dec 16
Ordinary Income/Expense	
Income	
CONTRACT LABOR	-28,943.34
Sales	276,860.80
Tow Income	671,365.78
Total Income	919,283.24
Cost of Goods Sold	
VERIFICATIONS	6,643.50
Total COGS	6,643.50
Gross Profit	912,639.74
Expense	
Garmins	408.48
ADVERTISING	13,465.31
Background Checks	206.00
Bank Service Charges	85.10
Credit Card Processing Fees	8,130.72
DAMAGES	800.00
DEALER GIFTS	1,538.40
DEPOSIT ERROR	2,000.00
Deposition Correction	-213.00
Depreciation Expense	64,402.80
DONATION	2,727.25
DRUG TESTING	363.70
Equipment Rental	3,465.51
FUEL EXPENSE	38,958.48
Insurance	
Liability Insurance	18,806.93
Work Comp	36,469.35
Insurance - Other	12,589.58
Total Insurance	67,865.86
Interest Expense	
Finance Charge	31.26
Loan Interest	2,488.56
Interest Expense - Other	621.50
Total Interest Expense	3,141.32
LATE FEE	78.00
Licenses and Permits	480.00
LOAN	500.00
LOAN PAYMENT	4,125.16
MAINTANICE & REPAIR	1,459.10
MEDICAL	1,534.03
MILEAGE	11,690.00
Monthly Report -City of Wichita	3,300.00
Office Supplies	
Office Equipment	1,225.50
Office Supplies - Other	14,337.99
Total Office Supplies	15,563.49
Payroll Expenses	456,191.04
Payroll Taxes	36,127.58
PHONE	80.00
PHYSICALS	270.00
Postage and Delivery	3,766.06

Happy Hooker Towing & Transportation, Inc.
Profit & Loss
 January through December 2016

	Jan - Dec 16
Professional Fees	
Accounting	1,573.00
IT Consultant	869.12
Legal Fees	14,237.20
Total Professional Fees	16,679.32
Radio	1,152.00
REFUND	109.50
RENEWAL	573.00
Rent	39,000.00
Repairs	
Computer Repairs	1,858.69
Total Repairs	1,858.69
RETURNED CHECK	80.00
SALE EXPENSE	203.99
SECURITY	1,181.31
SHOP EQUIPMENT	2,938.09
SHOP EXPENSE	8,102.52
TAGS	3,704.42
Taxes	
Property	5,424.06
State	16.22
UNEMPLOYMENT TAX	-0.02
Taxes - Other	55.00
Total Taxes	5,495.26
Telephone	12,889.40
TIRES	1,785.34
Tow Expense	11,278.19
TRASH	2,756.93
Travel & Ent	
Meals	323.85
Total Travel & Ent	323.85
TRUCK EXPENSE	
Cameras	1,189.96
Parts	22,883.80
Repairs	6,959.43
TRUCK EXPENSE - Other	3,511.14
Total TRUCK EXPENSE	34,544.33
TURNPIKE FEES	64.33
UNIFORMS	3,681.18
Utilities	
Gas and Electric	4,854.97
Water	1,952.99
Total Utilities	6,807.96
VISA	90.00
VOID	0.00
Total Expense	897,810.00
Net Ordinary Income	14,829.74
Net Income	14,829.74

Happy Hooker Towing & Transportation, Inc.
Profit & Loss
 January through December 2015

	Jan - Dec 15
Ordinary Income/Expense	
Income	
CONTRACT LABOR	67,850.98
Sales	79,458.15
Tow Income	638,534.54
Total Income	785,843.67
Cost of Goods Sold	
VERIFICATIONS	4,830.00
Total COGS	4,830.00
Gross Profit	781,013.67
Expense	
Per Diem	660.00
ADVERTISING	15,402.86
Background Checks	180.00
Bank Service Charges	76.88
Cash	220.00
Credit Card Processing Fees	8,939.25
DAMAGES	6,534.98
DEALER GIFTS	2,390.89
DEPOSIT ERROR	0.21
DONATION	1,800.00
DRUG TESTING	525.50
Dues and Subscriptions	245.00
FUEL EXPENSE	49,716.46
GARNISHMENTS	57.04
Insurance	
Liability Insurance	16,246.09
Work Comp	26,719.00
Insurance - Other	13,287.70
Total Insurance	56,252.79
Interest Expense	
Loan Interest	3,555.83
Total Interest Expense	3,555.83
LATE FEE	39.00
Licenses and Permits	180.00
LOAN	300.00
MAINTANICE & REPAIR	1,249.35
MEDICAL	7,731.43
MILEAGE	10,788.00
Monthly Report -City of Wichita	3,134.00
Office Supplies	19,534.57
Payroll Expenses	376,742.04
Payroll Taxes	23,229.23
PHONE	774.01
PHYSICALS	300.00
Postage and Delivery	2,750.51
Professional Fees	
Accounting	945.00
IT Consultant	2,339.09
Legal Fees	357.29
Total Professional Fees	3,641.38
Radio	1,104.00
REFUND	4,312.00
RENEWAL	596.43
Rent	33,000.00

Happy Hooker Towing & Transportation, Inc.
Profit & Loss
January through December 2015

	Jan - Dec 15
Repairs	
Computer Repairs	258.82
Total Repairs	258.82
RETURNED CHECK	503.00
SALE EXPENSE	
ADVERTISING	86.94
SALE EXPENSE - Other	428.39
Total SALE EXPENSE	515.33
SALVAGE	300.00
SECURITY	70.83
SHOP EXPENSE	6,498.41
Shop Supplies	2.82
TAGS	3,509.02
Taxes	
Property	4,498.92
State	30.00
Taxes - Other	280.04
Total Taxes	4,808.96
Telephone	10,073.53
TIRES	9,135.85
Tow Expense	5,039.58
TRASH	2,112.10
Travel & Ent	
Entertainment	679.78
Travel & Ent - Other	191.10
Total Travel & Ent	870.88
TRUCK EXPENSE	
Parts	32,300.90
Repairs	6,658.96
TRUCK EXPENSE - Other	4,864.61
Total TRUCK EXPENSE	43,824.47
TURNPIKE FEES	613.60
UNIFORMS	4,397.96
Utilities	
Gas and Electric	4,701.81
Water	1,859.84
Utilities - Other	670.92
Total Utilities	7,232.57
VISA	832.00
VOID	0.00
Wrong Account	1,196.25
Total Expense	737,759.62
Net Ordinary Income	43,254.05
Net Income	43,254.05

LIQUIDATION ANALYSIS

<u>Asset</u>	<u>Scheduled Value</u>	<u>FN</u>	<u>Liquidation Value</u>	<u>Secured Claims</u>	<u>FN</u>	<u>Equity</u>
Cash	\$ 17,838.00	1				\$ 17,838.00
Accounts	\$ 12,262.00	1				\$ 12,262.00
FF&E	\$ 1,050.00	2	\$ 525.00			\$ 525.00
Tow Trucks	\$ 278,000.00	3	\$ 222,400.00	\$ (133,000.00)	5	\$ 89,400.00
Shareholder Loan	\$ -	4	\$ -			\$ -
Assets Net of Secured Claims						\$ 102,187.00
Estimated Administrative Expenses						\$ (20,000.00)
Funds Available for Unsecured Non-Priority Creditors						\$ 82,187.00

Allowed Unsecured Claims as of 11/16/17

Schedule F	\$ 9,927.66					
Overcharge Claims	\$ 6,569.00					
Community Bank	\$ 2,227,300.76					
Total						\$ 2,243,797.42

Creditor Dividend Percentage 3.66%

Footnotes

- 1 Values as of Filing Date - 5/25/17
- 2 Liquidation value - 50% of scheduled value
- 3 Liquidation value - 80% of scheduled value
- 4 Claim barred by statute of limitations
- 5 Claim amount includes estimated attorney fees