

UNITED STATES BANKRUPTCY COURT
DISTRICT OF KANSAS

In re: CHRIS CARLSON HOT RODS, LLC, DEBTOR.	CASE NO.: 17-11660-11 REN
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DEBTOR'S COMBINED PLAN AND DISCLOSURE
STATEMENT DATED JANUARY 26, 2018

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I. INTRODUCTION

This is the combined Plan and Disclosure Statement (for ease of reference, the combined Plan and Disclosure Statement will be referred to as the "Plan") in the small business chapter 11 case of Chris Carlson Hot Rods, LLC (the "Debtor"). This Plan is filed under chapter 11 of the Bankruptcy Code (the "Code") and proposes to pay creditors of the Debtor from the future income of the Debtor. This Plan provides for 3 classes of secured claims and 2 classes of unsecured claims, the equity interest held by the Debtor's members, and the Debtor's interest in its property. The proposed distributions are discussed on pages 8-13 of this Plan. All creditors should refer to Article III of this Plan for information regarding the precise treatment of their claims.

This Plan also provides detailed information regarding the terms for payment of the Debtor's creditors and other information designed to assist creditors in determining whether to accept the 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.)***

A. Purpose of This Document

This Plan describes:

- The Debtor and significant events during the bankruptcy case.
- Historical information regarding the Debtor and the events leading to its bankruptcy filing.
- How the Plan proposes to treat claims of the type you hold (i.e., what you will receive on your claim if the Plan is confirmed).
- Who can vote on or object to the Plan.
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan.
- Why Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in a chapter 7 liquidation.
- The effect of confirmation of the Plan.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan. This section describes the procedures under which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan/Approve the Adequacy of the Information in the Disclosure Statement

The hearing at which the Court will consider confirmation of the Plan and determination of the adequacy of disclosure set forth in the Plan will take place on _____, 2018 at 10:30 a.m. in the United States Bankruptcy Court, 150 US Courthouse, 401 N. Market, Wichita, KS, 67202.

2. Deadline For Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope before the close of business on _____, 2018 to:

David Prella Eron
Eron Law, P.A.
229 E. William, Ste 100
Wichita, KS 67202
(316) 262-5500
(316) 262-5559 (fax)

See section IX.B below for a discussion of voting eligibility requirements. Your ballot must be received by 4:00 p.m. on _____, 2018 or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to the adequacy of the disclosures stated in this Plan and to confirmation of the Plan must be filed with the Court by _____, 2018 and served upon:

David Prella Eron
Eron Law, P.A.
229 E. William, Ste 100
Wichita, KS 67202
(316) 262-5500
(316) 262-5559 (fax)
david@eronlaw.net

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

If you want additional information about the Plan, you should contact

David Prella Eron
Eron Law, P.A.
229 E. William, Ste 100
Wichita, KS 67202
(316) 262-5500
(316) 262-5559 (fax)
david@eronlaw.net

II.BACKGROUND

A. Description of the Debtor

The Debtor, Chris Carlson Hot Rods, LLC, f/d/b/a Chaotic Customs, is a Kansas Limited Liability Corporation. The Debtor was formed on February 28, 2013. Debtor operates a vehicle restoration and auto body shop business in Mulvane, Kansas. The Debtor leases a shop consisting of approximately 15,000 square feet, where all of its physical assets and operations are located.

B. Insiders of the Debtor

Debtor's insiders including the following individuals and companies:

Chris Carlson, Member/President
Karma Carlson, Member/Treasurer
Andrew Carlson, Employee/Owner's Son
Troy Carlson, Employee/Owner's Son
Westin Carlson, Employee/Owner's Son

C. Management of the Debtor Before and During the Bankruptcy

During its entire existence, Debtor's affairs have been managed by its Manager, Chris Carlson (President). The Debtor is currently operating its business as a Debtor-in-Possession. Karma Carlson, who is also a Manager, acts as the Debtor's bookkeeper.

D. Events Leading to the Debtor's Chapter 11 Filing

Chris Carlson Hot Rods ("CCHR"), an unincorporated business, began in 2003. At the time, Chris Carlson worked third shift at Raytheon Aircraft and operated the shop building custom cars and street rods. In 2008, when work became steady Chris left Raytheon Aircraft to operate the shop full time. CCHR rented a small building and built 3-4 cars at a time. As the shop grew, employees were hired, and by 2012 CCHR had two full time employees and one-part time employee. In 2013, the Debtor was incorporated and the business moved to its present location which provided more space to work. The Debtor added more staff and began to increase productivity.

The business grew faster than anticipated and Chris was unprepared for the efficiency modifications required to handle a larger operation. The Debtor started to get behind on withholding taxes. The Debtor initially set up a payment plan with the IRS to get back on track, and initially it appeared that the Debtor would become profitable in 2015. However, on May 16, 2015, a fire occurred on the mechanic side of the building. The fire damaged one third of the building making that side unusable. The fire closed the shop for two weeks. The fire also destroyed three hot rods owned by the Debtor, which had been used to secure a business loan with Relianz Bank. Relianz called the note, effectively taking all of the insurance proceeds. This left nothing to address lost profits, employee wages during the closed period (which the Debtor paid), missed tax payments, or customer refunds.

To keep customers happy, the Debtor began repairs and rework on the cars and parts that were destroyed or damaged. The Debtor paid for parts, supplies and labor to repair and rework the cars. In spite of this, insurance has not paid the Debtor for the parts, supplies and labor that have been covered. Debtor believes it is still owed in excess of \$80,000 for the insurance claim.

After the fire the business suffered. Much of the ongoing work was being devoted to redoing jobs that had already been done prior to the fire. This work could not be charged to customers. Moreover, the ability to take on new, paying clients was limited. As a result, Debtor fell further behind on sales and withholding taxes. Over the following year and a half, the Debtor reduced the number of employees and attempted to reduce overhead through a variety of measures. However, Debtor was still unable to generate sufficient cash flow to pay its ongoing expenses. With payroll and sales taxes mounting, the Kansas Department of Revenue ("KDOR") seized the business in August 2017.

E. Significant Events During the Bankruptcy Case

Debtor filed its voluntary petition for Chapter 11 relief on August 28, 2017. Debtor immediately filed a motion to seek turnover of the business from KDOR. That Motion was granted by agreement of the parties, subject to the requirement that Debtor make weekly payments to KDOR of \$700/week for ongoing taxes. See Doc. Nos. 5 and 19. Debtor has remained current on this obligation since the filing of the case.

Debtor filed applications to employ Eron Law, P.A. as counsel for Debtor (Doc. No. 9), Foulston Siefkin as special counsel for Debtor (Doc. No. 61), and Larson & Company, P.A. as accountant for Debtor (Doc. No. 73). The Court entered orders approving the employment of Eron Law and Larson (Doc. Nos. 55 and 86). The employment of Foulston Siefkin was sought for various litigation matters, and the U.S. Trustee filed an objection to that application. The Court approved the employment of Foulston Siefkin where the representation was limited to the Debtor, but denied employment as to matters where Chris Carlson was also being represented by Foulston Siefkin. Doc. Nos. 94 and 105.

The Debtor filed a motion to authorize payment of pre-petition payroll on September 6, 2017. The U.S. Trustee objected to the Motion, and the Court entered an order allowing payment of pre-petition wages only as to employees who continued to be employed following the Petition Date. Doc. Nos. 45 and 93.

The Court set a bar date for the filing of claims of October 27, 2017. Doc. No. 31. All claims have now been filed herein. The Debtor has objected or will object to many of the filed claims. Many of the claims will need to be estimated for voting purposes.

The U.S. Trustee appointed an unsecured creditor's committee ("the Committee") on September 20, 2017, subsequently amended on November 1, 2017. Doc. Nos. 43 and 79. The Committee retained Arst & Arst, P.A. to act as counsel, and the employment was approved by the Court without objection. Doc. Nos. 61 and 75.

The Debtor filed a motion to use cash collateral encumbered by a federal tax lien on October 11, 2017. Doc. No. 69. The Committee filed an objection to the Motion (Doc. No. 78), but eventually withdrew the objection (Doc. No. 91), and the motion was granted (Doc. No. 95). Pursuant to the order granting the use of cash collateral, the Debtor is required to pay \$1,000/mo. to the IRS as adequate protection of its security interest. Due to the delay of the granting of the Motion, the Debtor was initially behind on payments, but is current at this point.

Since the filing, Debtor has continued operating in its existing facility in Mulvane, Kansas. Debtor leased the facility from Ratzlaff Properties, LLC. Debtor initially occupied the full 15,000 square feet of the facility. The lease has not been assumed in the case, and is deemed rejected by this Plan. Ratzlaff and the Debtor have been engaged in negotiating a new lease at the facility. Those discussions have included the possibility of leasing only 10,000 square feet of space, or continuing to lease the entire facility at a reduced rate. A new lease agreement has not been finalized at this time. Debtor has not paid rent since the filing of the case, and this administrative expense will be addressed in the new lease agreement.

Philip Hayes, who had filed suit against both the Debtor and Chris Carlson pre-petition, filed a Motion for Stay Relief on October 2, 2017 in order to continue moving forward with the lawsuit in order to liquidate its claim. The parties stipulated to stay relief for that purpose only, with collections still subject to the automatic stay. Doc. No. 63. The Debtor's insurance company tendered the defense of that action. A settlement of that action has been reached, but not finalized. The terms of the settlement will provide for an unsecured claim to be held by Hayes against the Debtor, after the payment of certain insurance proceeds. A motion to approve the terms of the settlement may be subsequently filed herein.

Following the filing of the bankruptcy case, Debtor engaged in work for Everett Stewart, who had been a client of the Debtor prior to the bankruptcy filing. On September 15, 2017, Mr. Stewart's son showed up to pick up the applicable vehicle. He presented a check for final payment and signed a release accepting the vehicle in its existing condition, as work had not yet been completed. Following delivery of the vehicle, Mr. Stewart cancelled payment of the check claiming he was unsatisfied with the condition of the vehicle. Having used fraudulent means to evade the Debtor's mechanic's lien, the Debtor now holds a claim in the amount of \$2,643.40 against Mr. Stewart, plus statutory damages and attorney's fees. The Debtor is currently investigating the advisability of filing an action against Mr. Stewart.

Since filing, the Debtor has reduced its staff to five full time employees and one part time employee. The terms of its building lease are being renegotiated to save costs. The mechanic side of the building has been closed off from the rest of the building, reducing utility expenses for gas, water and electric. With a smaller workforce, the Debtor has focused on building fewer cars, but also on "high end," complete builds. Small or partial jobs created substantial inefficiencies, and the Debtor was doing these jobs at a loss previously. Worse, these jobs almost invariably led to dissatisfied customers who wanted to pay for a partial job, but end up with a finished product. By limiting the operation to complete jobs, Debtor is preserving both its profit margin and customer satisfaction.

Debtor has otherwise operated in the ordinary course of business since the Filing Date.

F. Projected Recovery of Avoidable Transfers

Debtor does not intend to pursue avoidance, fraudulent conveyance, or other avoidance actions after confirmation, as its management believes after consultation with counsel that there are either no viable actions and/or that any such actions would not result in any material recovery to creditors.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final nonappealable 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 stated in Article IV.B of the Plan. At this time, many of the unsecured Claims are Disputed Claims. Because the allowance and amount of

a Claim for voting purposes is a necessary first step to know whether a Plan has been accepted, the Court may estimate the Disputed Claims for voting purposes, subject to later resolution of the existence and amount of the claim. If your Claim is a Disputed Claim, you should appear at the Plan Confirmation hearing to understand how your Claim will be treated for voting purposes.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets (including applicable encumbrances of those assets) are listed in **Exhibit A**.

A summary of the claims is attached hereto as **Exhibit B**.

A summary of the Debtor's periodic operating reports filed since the commencement of the Debtor's bankruptcy case is set forth in **Exhibit C**.

I. Projected Financial Conditions

A summary of the Debtor's anticipated income and expenses is set forth in **Exhibit D**.

III. 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 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. Explanation of Classes of Claims and Equity Interests

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 Code § 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 may be classified as a general unsecured claim.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code §§ 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.

3. Classes of General Unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under Code § 507(a).

4. 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.

C. Treatment of Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. Accordingly, 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 Code § 507(a)(2). Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that each administrative expense claim be paid on the effective date of the Plan, unless the holder of the claim agrees to a different treatment. As reflected below, each holder of an administrative expense claim allowed under Code § 503 will be paid in full on the effective date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

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

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	None	Paid in full on the Effective Date of the Plan, or according to term of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 days Before the Filing Date	None	Paid in full on the Effective Date of the Plan, or according to term of obligation if later

Professional Fees as approved by the Court (Eron Law, P.A.; Arst & Arst, P.A.; Larson & Company, P.A.; Foulston Siefkin)	\$15,000.00 (est.)	Paid in full on the Effective Date of the Plan or according to separate written agreement, or according to Court order if such fees have not been approved by the Court on the Effective Date of the Plan
Clerk's Office Fees	None	Paid in full on the Effective Date of the Plan
Post-petition taxes	KDOR (none); IRS (none); KDOL (none)	Paid in full on the Effective Date of the Plan or according to separate written agreement.
U.S. Trustee	None	Paid in full as and when due.
Ratzlaff Properties, LLC	\$15,000 (est.)	Paid in full on the Effective Date of the Plan or according to separate written agreement.

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by Code § 507(a)(8). 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. Payments will be made in equal quarterly installments beginning within 90 days of the Effective Date and will continue until the claims are paid in full. The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment:

Description	Estimated Amount Owed	Treatment
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IRS	\$177,541.64	<p>This amount is \$12,844.29 higher than the filed claim, which represents a recharacterization of a portion of the filed secured claim, which portion is reduced by the secured amount of the claim held by Carter Tool Sales, whose claim is senior to that of the IRS. The priority claim of the IRS will be paid in full without interest in twenty equal quarterly installments in the approximate amount of \$8,877.08, commencing not later than 90 days after the Effective Date. The payments will equal 1/20th of the allowed amount of the priority claim. This amount may be different than the amount stated herein. The IRS will be barred from pursuing any civil penalty against Debtor's principals or responsible parties as long as Debtor remains current on plan payments. Debtor must remain in full compliance by making all federal tax deposits timely, filing all tax returns timely, and making full payment of any outstanding balance as required by the Plan. In the event Debtor defaults on any payment due to the IRS as required under the Plan, and in the event Debtor fails to cure said default within twenty (20) days after written notice of default is mailed to Debtor, the entire imposed liability as confirmed under the Plan, together with any unpaid current liabilities, shall become due and payable immediately. The IRS may collect unpaid liabilities that become due as a result of the default through available administrative or judicial remedies.</p>
KDOR	\$88,041.96	<p>The priority portion of the claim of the Kansas Department of Revenue (reflected on Claims 4, 5, and 6) will be paid in full without interest in twenty equal quarterly installments in the approximate amount of \$4,402.10, commencing not later than 90 days after the Effective Date. The payments will equal 1/20th of the allowed amount of the priority claim. This amount may be different than the amount stated herein. KDOR will be barred from pursuing any civil penalty against Debtor's principals or responsible parties as long as Debtor remains current on plan payments. Debtor must remain in full compliance by making all state tax deposits timely, filing all tax returns timely, and making full payment of any outstanding balance as required by the Plan. In the event Debtor defaults on any payment due to KDOR as required under the Plan, and in the event Debtor fails to cure said default within twenty (20) days after written notice of default is mailed to Debtor, the entire imposed liability as confirmed under the Plan, together with any unpaid current liabilities, shall become due and payable immediately. KDOR may collect unpaid liabilities that become due as a result of the default through available administrative or judicial remedies.</p>

D. Treatment of Classified Claims and Interests.

1. Class 1: Priority Claims.

All Allowed Claims entitled to priority under Code § 507 (except administrative expense claims under § 507(a)(2), and priority tax claims under Code § 507(a)(8)) will be paid as follows: in cash in full on the Effective date of the Plan, without interest, unless the holder of such claim agrees to different treatment. The holders of Class 1 claims are the former employees of the Debtor who were not paid in full as of the Petition Date, specifically Dustin L. Baerg (\$1,414.00), Angela B. Capps (\$826.00), Adam DeBey (\$796.00), and Paul W. Zimmerman (\$1,237.50). The total amount of the Class 1 claims is \$4,273.50. Exhibit E shall be definitive of the allowed amount of the Class 1 claims. Claim No. 9 filed by Paul Zimmerman shall be disallowed by the Plan Confirmation Order, but allowed as set forth on Exhibit E. Class 1 is impaired.

2. Class 2: Secured Claim of the Internal Revenue Service

Class 2 consists of the secured portion of the claim of the Internal Revenue Service in the amount of \$210,810.35. The Class 2 claim of the Internal Revenue Service was filed as proof of claim number 1 (as amended). The allowed amount of the claim is lower than the filed claim by \$12,844.29, which represents the secured amount of the claim held by Carter Tool Sales, whose claim is senior to that of the IRS. The secured portion of the Class 2 claim is secured by a lien against all of Debtor's assets. The Class 2 Claim will be paid in full with interest at the statutory rate in twenty equal quarterly installments in the amount of \$11,682.10, commencing not later than 90 days after the Effective Date and continuing until paid in full. These payments are in addition to the payments on the priority portion of the claim set forth above. The remaining general unsecured portion of the claim will be treated as a Class 5 claim. The IRS will be barred from pursuing any civil penalty against Debtor's principals or responsible parties as long as Debtor remains current on plan payments. Debtor must remain in full compliance by making all federal tax deposits timely, filing all tax returns timely, and making full payment of any outstanding balance as required by the Plan. In the event Debtor defaults on any payment due to the IRS as required under the Plan, and in the event Debtor fails to cure said default within twenty (20) days after written notice of default is mailed to Debtor, the entire imposed liability as confirmed under the Plan, together with any unpaid current liabilities, shall become due and payable immediately. The IRS may collect unpaid liabilities that become due as a result of the default through available administrative or judicial remedies. The Class 2 claim is impaired.

3. Class 3: Claim of Carter Tool Sales

Class 3 consists of the secured claim of Carter Tool Sales ("Carter") in the amount of \$12,844.29. The Class 3 claim is secured by a first priority purchase money security interest on the Debtor's tools. The claim was technically incurred in the name of Chris Carlson, and the tools are technically owned by Chris Carlson. However, they were purchased for the Debtor and are used exclusively by the Debtor (and were listed as assets on the Debtor's schedules). The Class 3 claim will be paid in full with interest at 5% per annum in twenty equal quarterly installments in the amount of \$729.80, commencing not later than 90 days after the Effective

Date and continuing until paid in full. Carter will be barred from pursuing Debtor's principals or other co-obligated parties as long as Debtor remains current on plan payments. In the event Debtor defaults on any payment due to Carter as required under the Plan, and in the event Debtor fails to cure said default within twenty (20) days after written notice of default is mailed to Debtor, the entire imposed liability as confirmed under the Plan, together with any unpaid current liabilities, shall become due and payable immediately. Carter may collect unpaid liabilities that become due as a result of the default through available administrative or judicial remedies. The Class 3 claim is impaired.

4. *Class 4: Claim of the Kansas Department of Labor*

Class 4 consists of the putative secured claim of the Kansas Department of Labor ("KDOL"). The Class 4 claim in the amount of \$4,235.36 was filed as Claim No. 2, and was purportedly secured on account of a tax lien filed on August 4, 2017. However, the IRS holds a senior priority tax lien that encumbers all equity held by the Kansas Department of Labor. As a result, the claim is wholly unsecured. Moreover, the filing of the tax lien pre-dated the Petition Date by less than 90 days. As such, the lien represents an avoidable preference under 11 U.S.C. §547. Confirmation of this Plan will constitute an avoidance of the tax lien, and KDOL shall execute and transmit any documents necessary to release the lien. The Class 4 Claim shall be treated as a priority claim under 11 U.S.C. §507(a)(8). The Class 4 Claim will be paid in full without interest in twenty equal quarterly installments in the approximate amount of \$211.77, commencing not later than 90 days after the Effective Date. The payments will equal 1/20th of the allowed amount of the priority claim. This amount may be different than the amount stated herein. KDOL will be barred from pursuing any civil penalty against Debtor's principals or responsible parties as long as Debtor remains current on plan payments. Debtor must remain in full compliance by making all state tax deposits timely, filing all tax returns timely, and making full payment of any outstanding balance as required by the Plan. In the event Debtor defaults on any payment due to KDOL as required under the Plan, and in the event Debtor fails to cure said default within twenty (20) days after written notice of default is mailed to Debtor, the entire imposed liability as confirmed under the Plan, together with any unpaid current liabilities, shall become due and payable immediately. KDOL may collect unpaid liabilities that become due as a result of the default through available administrative or judicial remedies. The Class 4 Claim is impaired.

5. *Class 5: All Other Allowed Unsecured Claims.*

Class 5 consists of all unsecured claims allowed under Code § 502 that are not otherwise listed above. The Class 5 claims as scheduled or filed total allowable claims at approximately \$537,404.67 prior to examining the possibility of claims objections. Exhibit B shall be conclusively determinative of the allowance of Class 5 claims. If the treatment column lists the claim as "Allow as unsecured," the claim shall be finally allowed by the Confirmation Order. If the treatment column lists the claim as "Disallowed," the claim shall be finally disallowed by the Confirmation Order. If the claim is listed as disputed, the claim shall only be allowed if a) no claim objection is filed by the objection deadline, b) the Debtor compromises the claim with the applicable creditor, or c) the Court issues an order allowing the claim. Debtor shall have exclusive discretion to settle and compromise the amount of any Class 5 claims whose treatment

is listed as “Disputed” without further order of the Court, but such compromise shall not be authorized without Court order unless the allowed amount of the claim is paid in accordance with the treatment provided to all Class 5 claims. Any such compromise shall be disclosed in writing to counsel for the Committee, who shall have fourteen days to object to the compromise, after which the compromise shall become final. If the Committee objects to the compromise in writing, the compromise shall not be allowed unless approved by the Court. Claim No. 12 filed by Thomas B. Whitmer is disputed as to the amount, EXCEPT that the portion of the claim filed as priority shall be conclusively denied by confirmation of this Plan and any allowed portion of the claim shall be treated as a Class 5 claim. Claim Nos. 15, 17, and 18 filed by National Catastrophe Restoration, Alfred Suraci, Inc., and Phillip Hayes (respectively), shall be reduced by any amounts received by these creditors from any third parties on account of their pending litigation related to their claims. This reduction shall not be exclusive, and Debtor may still seek to reduce, compromise, or disallow any amount remaining after such reduction, as set forth above. The Class 5 Claims will receive distributions totaling \$20,000.00 over a five year period. Payments will be made annually in the amount of \$4,000.00 per year, commencing not later than one year after the Effective Date. Funds will be distributed on a pro rata basis. The Class 5 claims are impaired.

6. *Class 6: Equity Holders.*

Class 6 consists of the equity interests of Debtor’s members. The Debtor's members shall retain all of their equity in the Debtor. The Class 6 Claims are unimpaired.

7. *Class 7: The Interest of the Debtor in Property of the Estate.*

Debtor shall retain all interest in its property and the property of the estate not otherwise disposed of under the terms of the Plan. The property shall revert in Debtor upon confirmation. Class 7 is unimpaired.

E. TREATMENT OF U.S. 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.

IV.ALLOWANCE AND DISALLOWANCE OF CLAIMS

A. Disputed Claims

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 files an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or liquidated. No distribution will be made on account of a Disputed Claim unless such claim is allowed by a final non-appealable

order. An analysis of all claims is attached as **Exhibit B**. Debtor shall file objections to Claims, if any, within 30 days after the Administrative Claims Bar Date set forth in Section VII.F.

B. 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. However, the Debtor will have the discretion to settle the amount of any Disputed Claim without Court approval, as set forth in the Class 5 treatment. Once all Claims have been allowed, disallowed, settled, or otherwise resolved, Debtor will file a notice of allowed claims within 30 days thereafter.

V. PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumed Leases

There are no leases or executory contracts being assumed by the Debtor.

B. Rejected Executory Contracts and Unexpired Leases

Debtor rejects all executory contracts and unexpired leases not expressly assumed.

VI. GENERAL PROVISION

A. Definitions and Rules of Construction

The definitions and rules of construction stated in Code §§ 101 and 102 apply when terms defined or construed in the Code are used in this Plan.

B. Specific Definitions

“Allowed Claim” means a Claim listed as allowed on the attached **Exhibit B**, which is incorporated herein by reference and shall constitute Debtor’s “Schedule of Allowed Claims”.

“Bankruptcy Code” or “the Code” means Title 11 of the United States Code, as amended.

“Bankruptcy Court” or “the Court” means the unit of the United States District Court for the District of Kansas known as the Bankruptcy Court for that District or such other court of competent jurisdiction exercising jurisdiction over Debtor’s Chapter 11 case.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure prescribed by the Supreme Court and reported to Congress pursuant to 28 U.S.C. § 2075, as amended.

“Cash” means currency, check, draft, wire transfer and other similar forms of payment.

“Claim” has the meaning set forth in § 101(5) of the Bankruptcy Code with respect to the Debtor.

“Claimant” means any person, entity or governmental unit asserting a Claim against the Debtor.

“Confirmation Date” means the date on which the Confirmation Order is entered by the Clerk of the Bankruptcy Court in the docket for the Debtor’s Chapter 11 case, unless otherwise ordered by the Bankruptcy Court or such other court of competent jurisdiction exercising jurisdiction over the matters set forth in the Confirmation Order.

“Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to § 1129 of the Bankruptcy Code.

“Debtor” means Chris Carlson Hot Rods, LLC.

“Disputed Claim” means a Claim against the Debtor that is listed as Disputed on the attached **Exhibit B**, or which is not listed at all. Unsecured claims consisting of judgments being appealed and pending lawsuits are all disputed.

“Effective Date” means the fifteenth business day following the date of the entry of the Confirmation Order. But if a stay of the Confirmation Order is in effect on that date, the effective date will be the first business day after that date on which no stay of the Confirmation Order is in effect, unless the Confirmation Order has been vacated.

“Estate” means the Estate created upon the commencement of the Debtor’s Chapter 11 case pursuant to § 541(a) of the Bankruptcy Code.

"Exhibit" means the exhibits attached to the Plan.

“Petition Date” means August 28, 2017.

“Plan” means this Plan of Reorganization, dated January 26, 2018, as may be amended or modified by the Debtor in accordance with the Plan, the Bankruptcy Code or the Bankruptcy Rules.

“Plan Proponent” means the party filing the Plan, and for this Plan it means the Debtor.

C. 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.

D. 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.

E. Captions

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

F. Notices

All notices required to be made in or under this Plan shall be in writing and to the following:

Debtor: Chris D. Carlson
11822 East 11th South
Mulvane, KS 67110

with a copy to the Debtor's attorney: David Prella Eron
Eron Law, P.A.
229 E. William, Ste 100
Wichita, KS 67202
(316) 262-5500
(316) 262-5559 (fax)
david@eronlaw.net

Other Parties: Notices to other parties shall be sent to a) the address designated in a request for notice filed with the bankruptcy court, b) the address listed on such party's proof of claim, or, c) if such party has not filed any documents with the bankruptcy court, at the address listed for such party on the creditor matrix filed by Debtor.

G. Successors and Assigns

Except as may be otherwise provided in this Plan, the rights and obligations of any entity named or referred to herein shall be binding upon, and shall inure to the benefit of, the successors and assigns of each such entity.

H. Extension of Payment Dates

If any payment under this Plan falls due on a Saturday, Sunday or other day that is not a business day, then such due date shall be extended to the next following business day.

I. Governing Law

Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under this Plan and any documents, agreements and instruments executed in connection with this Plan (except to the extent such documents, agreements and instruments designate otherwise) shall be governed by, and construed and enforced in accordance with, the laws of the State of Kansas.

J. Unclaimed Funds

After 180 days, any unclaimed funds and/or uncleared checks shall be deemed forfeited and may be used by Debtor to make other plan payments.

VII. OTHER PROVISIONS

A. Reservation of Rights Under § 1129(b)

The Debtor expressly reserves the right, pursuant to § 1129(b) of the Bankruptcy Code, to request the Court to confirm this Plan if all the applicable requirements of § 1129(a) of the Bankruptcy Code have been met other than those of § 1129(a)(8).

B. Payment.

Debtor may pay off the balance owed to any particular class of Claims, or all classes of Claims, early at any time and for any reason without penalty, including by way of liquidating assets if available. Payment of the amounts due to Holders of Allowed Claims or Interests shall be made by a check of the Debtor delivered or mailed to each such Holder at such address as such Holder may direct by written notice to the Debtor from time to time. In the absence of written notice of change of address, the Debtor may rely upon the last known address of such Holder, in the following order of priority: 1) the address listed in a proof of claim filed with the Court, 2) the address listed in any request for notice filed with the Court, 3) the address provided by the Holder to Debtor in writing, 4) the address listed by Debtor in the schedules, or 5) any other address known or believed by Debtor to be a good address for Holder. Payment shall be deemed to have been made when a check of the Debtor is deposited in the United States mail, postage prepaid, properly addressed to the person entitled to receive such payment, subject to clearance of said check when presented for payment. In the absence of any applicable statute to the contrary, if any issued check is not cashed within 180 days of mailing, said check shall be deemed undeliverable, and said funds shall remain the property of the Debtor.

C. Debtor Authorized

The Debtor shall be authorized to execute and deliver all documents and to take or cause to be taken all action necessary or appropriate to execute and implement the provisions of the Plan.

D. Interference with Plan

No entity may commence or continue any action or proceeding, or perform any act to interfere with the implementation and consummation of the Plan and the payments to be made hereunder.

E. Payment of Allowed Claims

Notwithstanding any other provision of the Plan specifying a date or time for payment or distribution hereunder, payments and distributions in respect of any Claim or interest which at

such date or time is disputed, unliquidated or contingent shall not be made until such Claim or interest becomes an Allowed Claim, whereupon such payments and distributions shall be made promptly pursuant to and in accordance with the Plan.

F. Bar Date for Administrative Claims.

The Bar Date for filing applications for administrative expenses, and applications for approval of fees and expenses under § 506(b) shall be 30 days after the Effective Date. Debtor shall file objections to Claims within 30 days after the Administrative Claims Bar Date, or within 21 days after any application by any Holder of a Claim for approval of fees and expenses under § 506(b), whichever is later. The Holders of Claims who are liable with the Debtor on such claims shall not receive payment or be deemed Allowed Holders of Claims until they have determined, by Court Order or otherwise, which such Holder is entitled to payment, in accordance with §§ 502 and 509 of the Bankruptcy Code.

VIII. MEANS OF IMPLEMENTING THE PLAN

A. Source of Payments

Payments and distributions under the Plan will be funded through Debtor's future earnings. Debtor may, but is not required to, liquidate assets in order to consummate this Plan. A complete analysis of Debtor's assets is attached as **Exhibit A**. A complete analysis of Debtor's future earnings and expenses is attached as **Exhibit D**. Debtor's post-confirmation income will be generated by the continued provision of services to Debtor's clients.

B. Post-Confirmation Management

The Post-Confirmation Manager of the Debtor, and his compensation, will be as follows: Debtor will be managed by Chris D. Carlson. Mr. Carlson's compensation will be based on disposable income after Plan payments are made.

C. Risk Factors

The proposed Plan has the following risks:

That Debtor will be unable to generate sufficient profits to cover its obligations.

D. Tax Consequences of Plan

Creditors and equity interest holders concerned with how the Plan may affect their tax liability should consult with their accountants, attorneys, or advisors. The Debtor makes no statements or representations regarding the tax effect of this plan on any member of any class or any of the classes described in the Plan. You should consult your tax advisor concerning any tax consequences. There has been no independent audit of the financial information contained in this Plan. The Debtor is unable to warrant or represent that the information contained herein is without any inaccuracy, although all such information is accurate to the Debtor's best

knowledge, information and belief. Debtor does not believe that the implementation of this Plan will have any notable tax consequences to itself.

IX.CONFIRMATION REQUIREMENTS AND PROCEDURES

A. Overview of Requirements

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

B. 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.

C. What Is an Allowed Claim or an Allowed Equity Interest?

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court overrules the objection or allows the claim or equity interest for voting purposes under Rule 3018(a) of the Federal Rules of Bankruptcy Procedure. The deadline for filing a proof of claim in this case was October 27, 2017.

D. 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 Code § 1124, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

E. Who is Not Entitled to Vote

The following types of creditors and equity interest holders are not entitled to vote:

- Holders of Claims and equity interests that have been disallowed by an order of the Court.
- Holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- Holders of claims or equity interests in unimpaired classes.
- Holders of claims entitled to priority pursuant to Code §§ 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.
- Holders of administrative expenses.

Even if you are not entitled to vote on the plan, you may have a right to object to the confirmation of the plan.

F. 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.

G. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed below in section G.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 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 in dollar amount of the Allowed Claims in the class, who vote, cast their votes to accept the Plan. In this case, many of the unsecured claims are Disputed Claims. As a result, it is not immediately clear whether and in what amount these claims will be allowed for voting purposes. The Court will determine this issue, either at the Plan Confirmation hearing, or at such other time as a party may request or as such time as the Court may direct.

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

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by Code § 1129(b). A Plan that binds nonaccepting classes is commonly referred to as a "cramdown" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for

consensual confirmation except the voting requirements of Code § 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.

H. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. Debtor's liquidation analysis is contained in **Exhibit A**. Because all of Debtor's assets are encumbered by valid tax liens and first and second mortgages, there is no equity available for any other creditors and the Plan satisfies this requirement.

I. 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.

J. Ability to Initially Fund Plan

The 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. Debtor's administrative Claimants have agreed to work with the Debtor as necessary, and the first payments will not come due until 90 days following the Effective Date. Thus, Exhibit D demonstrates feasibility.

K. 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. Debtor has provided projected financial information sufficient to support this finding in **Exhibit D**.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

X.EFFECT OF CONFIRMATION OF PLAN

A. Discharge

Confirmation of this Plan shall discharge Debtor from all dischargeable debts provided for in the Plan pursuant to the terms of 11 U.S.C. § 1141(d).

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan. Upon request of the Debtor, the U.S. Trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan. The Plan may also be modified by the Court at the Plan Confirmation hearing, without further notice to parties not appearing at the hearing on Plan Confirmation. Therefore, it is highly recommended that you appear at the Plan Confirmation hearing.

C. Final Decree

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

XI. RETENTION OF JURISDICTION

The Court shall retain jurisdiction of this case pursuant to the provisions of the Bankruptcy Code until the proceedings are closed, more specifically with respect to the following matters:

- To classify, allow or disallow Claims and direct distributions of funds under the Plan and to adjudicate all controversies concerning classification or allowance of any Claim or interest.
- To enforce performance of the Plan or any provisions thereof.
- To hear and determine all Claims arising from the rejection of executory contracts, including leases, and to consummate the rejection and termination thereof.
- To liquidate damages or estimate Claims in connection with any disputed, contingent or unliquidated Claims.
- To adjudicate all Claims to an ownership interest in any property of the Debtor or of the estate or any proceeds thereof.
- To adjudicate all Claims or controversies arising out of the purchases, sales or contracts made or undertaken by the Debtor during the pendency of the proceeding.
- To recover all assets and properties of the Debtor wherever located.
- To hear and determine matters concerning state, local and federal taxes pursuant to, inter alia §§ 346, 505, 525 and 1146 of the Bankruptcy Code.
- To hear and determine and pass upon any action or proceeding brought by the Debtor including, but not limited to, actions pursuant to §§ 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

- To hear and determine all actions and proceedings brought by the Debtor, arising in or relating to the Debtor's reorganization case or any issue arising under the Bankruptcy Code.
- To determine the validity, extent and priority of all liens against property of the Debtor's estate.
- To consider any modifications of the Plan pursuant to §1127 of the Bankruptcy Code and/or modification of the Plan after substantial consummation as defined in § 1101(2) of the Bankruptcy Code.
- To hear and determine all controversies, suits and disputes that may arise in connection with the interruption or enforcement of the Plan.
- To hear and determine such matters and make such orders as are consistent with the Plan and as may be necessary or desirable to carry out the provisions thereof.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction or is otherwise without jurisdiction over any matter arising out of this proceeding, including the matters set forth herein, or if the Debtor elects to bring an action in any other forum, this Article XI shall have no effect upon and shall not control, prohibit or limit the exercise of any jurisdiction by any other court having jurisdiction with respect to such matter.

By: /s/ Chris D. Carlson

Chris D. Carlson, President
Chris Carlson Hot Rods, LLC

ERON LAW, P.A.
Attorneys for Debtor

/s/ David Prella Eron

DAVID PRELLE ERON
Kansas Sup. Ct. No. 23429
229 E. William, Suite 100
Wichita, KS 67202
316-262-5500
316-262-5559 (fax)
david@eronlaw.net

Exhibit A: Liquidation Analysis

Chris Carlson Hot Rods, LLC: Case No. 17-11660

<u>Asset</u>	<u>Value</u>	<u>Secured Claims</u>	<u>Secured Party</u>	<u>Remaining Value</u>	<u>Notes</u>
Funds on Deposit	\$ -			\$ -	Any funds on deposit would be used on administrative expenses (and would still be insufficient).
Accounts Receivables	\$ 33,754.64	\$ 33,754.64	IRS	\$ -	The value of the receivables is doubtful and speculative.
Inventory	\$ 10,000.00	\$ 10,000.00	IRS	\$ -	Inventory value fluctuates regularly.
Office furnishings	\$ 1,500.00	\$ 1,500.00	IRS	\$ -	
Vehicles	\$ 2,500.00	\$ 2,500.00	IRS	\$ -	
Equipment	\$ 97,500.00	\$ 97,500.00	Carter Tools/IRS	\$ -	IRS Claim is over \$400,000, and consumes all assets.
Insurance Receivable	\$ 80,000.00	\$ 80,000.00	IRS	\$ -	Claim value remains speculative.
TOTAL	\$ 225,254.64	\$ 225,254.64		\$ -	
Total Liquidation Analysis:				\$ -	There is no liquidation value--a chapter 7 case would be dismissed almost immediately.

Exhibit B: Claims Analysis

Chris Carlson Hot Rods, LLC: Case No. 17-11660

Creditor	Claim #	Scheduled	Claim	Disputed/ Unliquid.	Secured	Priority	Unsecured	Collateral	Treatment
Department of the Treasury Internal Revenue Service	1	\$ 253,000.00	\$ 431,373.55	yes	\$ 210,810.35	\$ 177,541.64	\$ 43,021.56	All assets	Pay secured claim in full over 5 years w/int. Pay priority claim in full over 5 years w/o int. Balance treated as unsecured claim. All subject to amendment or objection.
Kansas Department of Labor	2	\$ 8,000.00	\$ 4,235.36	no	\$ -	\$ 4,235.36	\$ -		Pay in full over 5 yrs w/o interest.
Airgas USA, LLC	3	\$ -	\$ 522.41	n/a	\$ -	\$ -	\$ 522.41		Allow as unsecured.
Kansas Department of Revenue	4	\$ 150,000.00	\$ 81,862.20	yes	\$ -	\$ 64,082.46	\$ 17,779.74		Pay priority in full over 5 yrs w/o interest subject to objection or amendment; balance allowed as unsecured.
Kansas Department of Revenue	5	\$ -	\$ 30,156.57	yes	\$ -	\$ 21,466.50	\$ 8,690.07		Pay priority in full over 5 yrs w/o interest subject to objection or amendment; balance allowed as unsecured.
Kansas Department of Revenue	6	\$ -	\$ 2,493.00	yes	\$ -	\$ 2,493.00	\$ -		Pay in full over 5 yrs w/o interest subject to objection or amendment.
D & S Auto Supply, Inc. (Sched. - D and S Auto Supply)	7	\$ 9,996.86	\$ 9,893.33	no	\$ -	\$ -	\$ 9,893.33		Allow as unsecured.
Larry and Jean Penner	8	\$ 16,000.00	\$ 16,000.00	no	\$ -	\$ -	\$ 16,000.00		Allow as unsecured.
Paul Zimmerman	9	\$ -	\$ 1,600.00	n/a	\$ -	\$ 1,237.50	\$ -		Disallowed as filed. The amount set forth as "priority" will be paid in full on effective date after applicable withholdings--See Exhibit E.
Capital One Bank (USA). N.A. by Aerican InforSource LP as Agent	10	\$ -	\$ 489.87	no	\$ -	\$ -	\$ 489.87		Allow as unsecured.
Sid and Linda Pracht	11	\$ 6,235.30	\$ 38,186.94	no	\$ -	\$ -	\$ 38,186.94		Disputed.
Thomas B. Whitmer (Sched. - Tom Whitmer)	12	\$ 8,980.00	\$ 15,000.00	no	\$ -	\$ -	\$ 15,000.00		Priority portion will be disallowed by confirmation; balance is disputed.
Bill Schrader, Jr	13	\$ 4,520.00	\$ 10,847.36	no	\$ -	\$ -	\$ 10,847.36		Disputed.
Drywall Systems, Inc. (Sched. - Larry Higgins)	14	\$ 21,966.14	\$ 47,002.18	no	\$ -	\$ -	\$ 47,002.18		Disputed.
National Catastrophe Restoration, Inc. (Sched. - NCRI)	15	\$ 38,000.00	\$ 38,029.50	yes	\$ -	\$ -	\$ 38,029.50		Disputed.
Foulston Siefkin LLP	16	\$ 25,000.00	\$ 20,175.95	yes	\$ -	\$ -	\$ 20,175.95		Allow as unsecured.
Alfred Suraci	17	\$ 25,000.00	\$ 86,000.00	yes	\$ -	\$ -	\$ 86,000.00		Disputed.
Philip Hayes	18	\$ 120,000.00	\$ 136,290.00	yes	\$ -	\$ -	\$ 136,290.00		Disputed.
Foulston Siefkin LLP	19	\$ -	n/a	n/a	\$ -	\$ -	\$ -		Claim was withdrawn.
Carter Tool Sales		\$ 12,844.29	\$ -	no	\$ 12,844.29	\$ -	\$ -	Tools / Agreement	Paid in full over 5 years w/5% int.
CRC Motorsports Inc		\$ 2,000.00	\$ -	yes	\$ -	\$ -	\$ 2,000.00		Disallowed.
D&S Auto Parts		\$ 6,867.35	\$ -	no	\$ -	\$ -	\$ 6,867.35		Allow as unsecured.
Eric Cochran		\$ 5,063.69	\$ -	no	\$ -	\$ -	\$ 5,063.69		Allow as unsecured.
Garnett Auto Supply		\$ 630.99	\$ -	no	\$ -	\$ -	\$ 630.99		Allow as unsecured.
Dustin L Baerg		\$ 1,414.00	\$ -	no	\$ -	\$ 1,414.00	\$ -		The amount set forth as "priority" will be paid in full on effective date after applicable withholdings--See Exhibit E.
Angela B. Capps		\$ 826.00	\$ -	no	\$ -	\$ 826.00	\$ -		The amount set forth as "priority" will be paid in full on effective date after applicable withholdings--See Exhibit E.
Adam M. DeBey		\$ 796.00	\$ -	no	\$ -	\$ 796.00	\$ -		The amount set forth as "priority" will be paid in full on effective date after applicable withholdings--See Exhibit E.
Gipson Trim Supply Co		\$ 3,500.00	\$ -	no	\$ -	\$ -	\$ 3,500.00		Allow as unsecured.
Guy Buckland		\$ 13,154.12	\$ -	no	\$ -	\$ -	\$ 13,154.12		Allow as unsecured.
Karma and Chris Carlson		\$ 8,600.00	\$ -	no	\$ -	\$ -	\$ 8,600.00		Allow as unsecured.
MDC Recovery Services, Inc.		\$ 1,395.00	\$ -	no	\$ -	\$ -	\$ 1,395.00		Allow as unsecured.
Ogden Chrome		\$ 7,166.00	\$ -	no	\$ -	\$ -	\$ 7,166.00		Allow as unsecured.
Spectrum Promotional		\$ 1,098.61	\$ -	no	\$ -	\$ -	\$ 1,098.61		Allow as unsecured.
TOTAL					\$ 223,654.64	\$ 274,092.46	\$ 537,404.67		

Exhibit C: Summary of Monthly Reports

Chris Carlson Hot Rods, LLC: Case No. 17-11660

	Total Income	Total Expense	Net Income
Sep-17	\$ 22,902.27	\$ (23,698.81)	\$ (796.54)
Oct-17	\$ 38,099.30	\$ (35,091.82)	\$ 3,007.48
Nov-17	\$ 38,465.91	\$ (35,842.29)	\$ 2,623.62
Dec-17	\$ 32,988.36	\$ (29,951.56)	\$ 3,036.80
TOTAL	\$ 132,455.84	\$ (124,584.48)	\$ 7,871.36

Exhibit D: Budget

Chris Carlson Hot Rods, LLC: Case No. 17-11660

INCOME	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Labor	\$ 35,000.00	\$ 36,000.00	\$ 36,000.00	\$ 39,000.00	\$ 37,000.00	\$ 36,000.00	\$ 39,000.00	\$ 36,000.00	\$ 36,000.00	\$ 39,000.00	\$ 36,000.00	\$ 36,000.00	\$ 441,000.00
Parts Sales	\$ 25,000.00	\$ 10,000.00	\$ 13,000.00	\$ 2,500.00	\$ 10,000.00	\$ 10,000.00	\$ 2,500.00	\$ 2,500.00	\$ 5,000.00	\$ 5,000.00	\$ 2,000.00	\$ 2,000.00	\$ 89,500.00
Sub-Total Sales	\$ 60,000.00	\$ 46,000.00	\$ 49,000.00	\$ 41,500.00	\$ 47,000.00	\$ 46,000.00	\$ 41,500.00	\$ 38,500.00	\$ 41,000.00	\$ 44,000.00	\$ 38,000.00	\$ 38,000.00	\$ 530,500.00
Sales Tax Collected	\$ 5,100.00	\$ 3,910.00	\$ 4,165.00	\$ 3,527.50	\$ 3,995.00	\$ 3,910.00	\$ 3,527.50	\$ 3,272.50	\$ 3,485.00	\$ 3,740.00	\$ 3,230.00	\$ 3,230.00	\$ 45,092.50
Cost of Goods Sold													
Parts	\$ (17,500.00)	\$ (7,000.00)	\$ (9,100.00)	\$ (1,750.00)	\$ (7,000.00)	\$ (7,000.00)	\$ (1,750.00)	\$ (1,750.00)	\$ (3,500.00)	\$ (3,500.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (62,650.00)
Paint Supplies	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (1,400.00)	\$ (16,800.00)
Sub-Total COGS	\$ (18,900.00)	\$ (8,400.00)	\$ (10,500.00)	\$ (3,150.00)	\$ (8,400.00)	\$ (8,400.00)	\$ (3,150.00)	\$ (3,150.00)	\$ (4,900.00)	\$ (4,900.00)	\$ (2,800.00)	\$ (2,800.00)	\$ (79,450.00)
Gross Profit	\$ 46,200.00	\$ 41,510.00	\$ 42,665.00	\$ 41,877.50	\$ 42,595.00	\$ 41,510.00	\$ 41,877.50	\$ 38,622.50	\$ 39,585.00	\$ 42,840.00	\$ 38,430.00	\$ 38,430.00	\$ 496,142.50
EXPENSES													
Bank Service Charges	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 120.00
Car Show Registration/Advertising		\$ 50.00	\$ 110.00		\$ 40.00	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00				\$ 640.00
Fuel	\$ 250.00	\$ 500.00	\$ 1,500.00	\$ 200.00	\$ 250.00	\$ 250.00	\$ 600.00	\$ 600.00	\$ 400.00	\$ 400.00	\$ 1,500.00	\$ 200.00	\$ 6,650.00
Hand Tools	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 300.00
Insurance - Garage Keepers	\$ 168.93	\$ 168.93	\$ 168.93	\$ 168.93	\$ 168.93	\$ 168.93	\$ 168.93						\$ 1,182.51
Insurance - Liability									\$ 750.00				\$ 750.00
Insurance - Workers Compensation			\$ 450.00			\$ 450.00			\$ 450.00			\$ 450.00	\$ 1,800.00
KDOR Sales Tax Remitted	\$ 5,100.00	\$ 3,910.00	\$ 4,165.00	\$ 3,527.50	\$ 3,995.00	\$ 3,910.00	\$ 3,527.50	\$ 3,272.50	\$ 3,485.00	\$ 3,740.00	\$ 3,230.00	\$ 3,230.00	\$ 45,092.50
K-Tag (tolls)	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 360.00
Legal Fees	\$ 5,000.00			\$ 5,000.00			\$ 2,500.00			\$ 2,500.00			\$ 15,000.00
Office Supplies	\$ 175.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 1,550.00
Payroll Expenses (940, 941, SUTA)	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 1,400.00	\$ 16,800.00
Professional Fees	\$ 2,500.00		\$ 500.00	\$ 1,000.00		\$ 500.00			\$ 500.00				\$ 5,500.00
Rent	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 48,000.00
Repairs and maintenance	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 600.00
Shop Supplies	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
Travel - Hotel	\$ 300.00	\$ 600.00	\$ 1,200.00		\$ 150.00	\$ 600.00	\$ 600.00	\$ 600.00		\$ 150.00	\$ 1,500.00		\$ 5,700.00
Travel - Meals	\$ 150.00	\$ 200.00	\$ 200.00		\$ 150.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 150.00	\$ 100.00	\$ 250.00		\$ 1,800.00
US Trustee Payment			\$ 650.00			\$ 650.00			\$ 650.00			\$ 650.00	\$ 2,600.00
Utilities - Trash	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 117.00	\$ 1,404.00
Utilities - Internet & Phone	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 291.00	\$ 3,492.00
Utilities - Electric & Water	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
Utilities - Gas Service	\$ 850.00	\$ 850.00	\$ 850.00	\$ 600.00	\$ 400.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 400.00	\$ 600.00	\$ 850.00	\$ 5,720.00
Wages (incl. emp. w/h)	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 16,500.00	\$ 198,000.00
Web Expenses			\$ 300.00					\$ 300.00					\$ 600.00
TOTAL EXPENSES	\$ 38,916.93	\$ 30,826.93	\$ 34,641.93	\$ 35,044.43	\$ 29,701.93	\$ 31,466.93	\$ 32,334.43	\$ 29,710.50	\$ 31,123.00	\$ 31,838.00	\$ 31,628.00	\$ 30,428.00	\$ 387,661.01
PLAN PAYMENTS													
IRS Priority Payment			\$ 8,877.08			\$ 8,877.08			\$ 8,877.08			\$ 8,877.08	\$ 35,508.32
KDOR Priority Payment	\$ 4,402.10			\$ 4,402.10			\$ 4,402.10			\$ 4,402.10			\$ 17,608.40
IRS Secured Plan Payment		\$ 11,682.10			\$ 11,682.10			\$ 11,682.10			\$ 11,682.10		\$ 46,728.40
Carter Tool Sales Payment	\$ 729.80			\$ 729.80			\$ 729.80			\$ 729.80			\$ 2,919.20
KDOL Payment	\$ 211.77			\$ 211.77			\$ 211.77			\$ 211.77			\$ 847.08
Unsecured Creditor Payment				\$ 4,000.00									\$ 4,000.00
TOTAL PLAN PAYMENTS	\$ 5,343.67	\$ 11,682.10	\$ 8,877.08	\$ 9,343.67	\$ 11,682.10	\$ 8,877.08	\$ 5,343.67	\$ 11,682.10	\$ 8,877.08	\$ 5,343.67	\$ 11,682.10	\$ 8,877.08	\$ 107,611.40
NET INCOME/LOSS	\$ 1,939.40	\$ (999.03)	\$ (854.01)	\$ (2,510.60)	\$ 1,210.97	\$ 1,165.99	\$ 4,199.40	\$ (2,770.10)	\$ (415.08)	\$ 5,658.33	\$ (4,880.10)	\$ (875.08)	\$ 870.09

