

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF LOUISIANA  
MONROE DIVISION**

**IN RE:**

**GLOBAL HOTELS INTERNATIONAL, LLC**

**CASE NO. 18-30342**

**DEBTOR**

**CHAPTER 11**

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**GLOBAL HOTELS INTERNATIONAL, LLC'S  
DISCLOSURE STATEMENT  
SEPTEMBER 21, 2018**

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## I. INTRODUCTION

This document is the disclosure statement (the “Disclosure Statement”) in the small business Chapter 11 case of Global Hotels International, LLC (the “Debtor” or “GHI”). This Disclosure Statement contains information about the Debtor and describes its Plan of Reorganization (the “Plan”). 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 on pages 7-10 of this Disclosure Statement. General unsecured creditors are classified in Class 2, and will be paid in full, without interest, with payments commencing sixty (60) days from the effective date which shall be made in equal quarterly installments over five years. However, payments on the claims of the Greater North Louisiana Community Development District, who is also an equity holder, may be deferred at the option of the Debtor.

### A. Purpose of This Document

This Disclosure Statement describes:

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

- The effect of the 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, describe your rights.

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

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

1. *Time and Place of the Hearing for Final Approval of This Disclosure Statement and Confirmation of the Plan*

The Court will determine whether to approve this Disclosure Statement and confirm the Plan at separate hearings, with the Disclosure Statement being heard first, at times and places to be ordered by the Bankruptcy Court.

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 to the undersigned counsel. See Section IV(A) for a discussion of voting eligibility requirements.

Your ballot must be received by the deadline noted on the ballot, or it will not be counted.

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

Objections to the confirmation of the Plan must be filed with the Court and served upon Global Hotels International, LLC, through its counsel of record, Bradley L. Drell, Gold, Weems, Bruser, Sues & Rundell, at P. O. Box 6118, Alexandria, LA 71307-6118, by the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

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

If you want additional information about the Plan, you should contact Bradley L. Drell of GOLD, WEEMS, BRUSER, SUES & RUNDELL (A Professional Law Corporation), P. O. Box 6118, Alexandria, LA 71307-6118, telephone number (318) 445-6471.

**C. Disclaimer**

*No statements or information regarding the Debtor, its assets or securities are authorized, other than those included in this Disclosure Statement.*

**II. BACKGROUND**

**A. Description and History of the Debtor's Business**

On or about July 30, 2007, GHI was registered under the laws of the State of Louisiana. In 2015, GHI constructed a hotel in Jonesboro, Louisiana, which it presently owns and operates as a Sleep Inn. The current members of the company and respective percentages of ownership are as follows:

1. Herbert Simmons, Jr. and Janice Simmons (16.47%)
2. Myra Due (3.040%)
3. Arnold C. Harris (8.060%)
4. Charles Hill (18.99990%)
5. Simmie Malone (3.810%)
6. Eugene and Clotee Richardson (1.500%)
7. Angela Lee Collins (1.50%)
8. Angelica Arceneaux (1.50%)
9. Greater North LA CDC (45.13%)

The effects of water pressure issues in the Town of Jonesboro resulted in poor hotel reviews, continuing complaints, and reservation cancellations. One of the displeased clients, a corporate account, would have had its employees stay in the hotel for months if not for the water pressure problems.

The net effect of the water pressure problems was that GHI had insufficient funds to service its secured debts to BOM Bank fka Bank of Montgomery (“BOM”), leading to this Chapter 11 case. Post-petition, GHI purchased and had installed a water pump with the hopes of increasing water pressure and preserving estate value. GHI also engaged Hospitality Real Estate Counselors (“HREC”) Investment Advisors, a real estate advisory and brokerage organization specializing exclusively in the lodging and gaming industries, to market the property to potential buyers and facilitate a sale.

As the case progressed, management installed a water pump system in the hotel that helped the water pressure situation tremendously. This resulted in the Debtor’s cash flow increasing to a level where reorganizing the current company rather than liquidation of the hotel appeared to be a possibility. Debtor’s management approached BOM regarding this possibility and this Plan and Disclosure Statement are a result of those discussions.

Additionally, GHI is a party to a pending lawsuit, a post-petition suit for breach of contract filed against Inn-Ovation Hotel Group, LLC, and David G. Peterson. Inn-Ovation and Peterson contracted with GHI to provide professional services associated with the financing, construction, licensing, franchising, and other related services associated with the start-up of the hotel. GHI was entitled to a reimbursement or rebate of sales taxes paid during the construction of the hotel, pursuant to a Louisiana Economic Development, Enterprise Zone Program. However, Inn-Ovation and Peterson failed to timely file the required documentation or file for necessary

extensions, resulting in a loss of the \$79,663.00 sales tax reimbursement/rebate. Any net proceeds (after costs of prosecution) will first be applied, pro-rata, to satisfy any outstanding professional administrative expense claims, then to any deficiency remaining as to the priority tax claims, and next to satisfy any deficiency remaining in the Class 1 claims.

**B. Insiders of the Debtor**

The Debtor entity employs Janice Simmons, who with her husband Herbert Simmons, owns 16.47% of Global Hotels International, LLC. She handles management and operations for the hotel and receives court-approved compensation of \$45,000.00 per year and a monthly cell phone stipend in the amount of \$100.00. The insider only draws compensation if the business has positive cash flow, all post-petition accounts payable, including the United States Trustee's fee, are current, and all monthly operating reports are current.

**C. Management of the Debtor Before and During Bankruptcy**

Prior to the date on which the bankruptcy petition was filed, the manager or other person in control was Herbert Simmons, Jr. During the pendency of this case, he has continued to serve in management of the company.

After the Effective Date of the order confirming the plan, the manager role will be occupied by the same person who filled that position pre-petition, at the same rate of compensation. Mr. Simmons is not compensated by the company.

The "Effective Date" is the date on which the December 2018 payment to BOM, set forth in Section 4.01 of the Plan, has been satisfied. The effectiveness of the Plan is conditioned on full satisfaction of all cash payments due to BOM in October, November, and December 2018, respectively, as set forth in Section 4.01 of the Plan.



#### **D. Events Leading to Chapter 11 Filing**

As noted above, GHI constructed a hotel in Jonesboro, Louisiana, which it presently owns and operates as a Sleep Inn. The effects of water pressure issues in the Town of Jonesboro resulted in poor hotel reviews, continuing complaints, and reservation cancellations. The net effect of the water pressure problems was that GHI had insufficient funds to service its secured debts to BOM, leading to this Chapter 11 case.

#### **E. Significant Events During the Bankruptcy Case**

1. On April 11, 2018, the Court entered an Order authorizing the retention of Bradley L. Drell and the law firm of Gold, Weems, Bruser, Sues & Rundell (A Professional Law Corporation) as attorneys for the Debtor.
2. On May 8, 2018, the Court entered an Order authorizing Debtor to enter into an Exclusive Listing Agreement to employ HREC to market and sell the hotel.
3. On August 10, 2018, the United States District Court for the Western District of Louisiana transferred the matter of Global Hotels International, LLC versus Inn-Ovation Hotel Group LLC and David G. Peterson to the United States Bankruptcy Court for the Western District of Louisiana, now bearing adversary case no. 18-03011.
4. The Court has entered various Orders granting adequate protection for various creditors, both secured and unsecured.
5. Post-petition, the Debtor's cash flow has significantly improved, which led management to explore the possibility of reorganizing the financial affairs of the hotel rather than liquidation. The plan to which this disclosure statement relates is the fruit of those efforts.

#### **F. Projected Recovery of Avoidable Transfers**

The Debtor does not believe there are avoidable pre-petition transactions. If you received a payment or other transfer within ninety (90) days of the bankruptcy, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

#### **G. 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**

The identity and fair market value of the estate's assets are listed in **Exhibit B**.

The most recent post-petition monthly operating report filed since the commencement of the Debtor's case is set forth as **Exhibit C**.

To summarize, the hotel's cash flow has increased significantly during this Chapter 11 case.

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

#### **B. Unclassified Claims**

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

##### *1. Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under Section 507(a)(2) of the Code. Administrative expenses also include

the value of any goods sold to the Debtor in the ordinary course of business and received within twenty (20) days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

At the time of the filing of this Plan, the Debtor is current on all administrative expenses except the fees owed to the Debtor's attorneys.

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by Section 507(a)(8) of the Code. Unless the holder of such a Section 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 five (5) years from the order for relief. The plan provides for such plan treatment, and the information available indicates that the priority tax claims in this case are nominal compared to the secured debts.

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

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

1. *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 Section 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

BOM's claims against the Debtor are categorized in Class 1, recognized as being secured by all assets of the Debtor, and will be treated as fully secured under this Plan. The Debtor will

satisfy the secured claims of BOM in full, with a total principal balance of \$4,125,000.26, and total accrued interest through December 2018 in the amount of \$377,788.

Accrued interest in the amount of \$377,788 will be satisfied by BOM's offset of the certificate of deposit owned by the Debtor valued at approximately \$82,097, and cash payments to BOM in the total amount of \$295,691.00. The cash payments to BOM will be satisfied on a periodic basis and by designated dates in 2018, using Debtor's available cash from operations and \$160,000.00 from the equity members of Debtor, all as specifically set forth in Plan Section 4.01.

The principal balance of \$4,125,000.26 remaining due on BOM's Class 1 claims will be reamortized over twenty-six (26) years at 5% interest which shall adjust on January 1 of each year in accordance with the Wall Street Journal Prime Rate, but in no event will the interest rate be less than 5%, with payments to be made monthly in the approximate amount of \$23,650.43, commencing in January 2019.

2. *Priority Unsecured Tax Claims*

The Debtor will satisfy priority tax claims by paying an amount sufficient to pay the claims as filed with interest at the applicable statutory interest rate in equal monthly installments in an amount sufficient to retire the respective claims within sixty months from the petition date. The first installment will commence sixty days from the effective date of this Plan, and the Debtor will make subsequent installments on or before the 30th day of each month following the month of the first installment.

3. *General Unsecured Claims*

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

Under the Plan's proposed treatment of Class 2, which contains general unsecured claims against the Debtor, general unsecured claims will be paid in full, without interest, with payments commencing sixty (60) days from the effective date which shall be made in equal quarterly installments over five years. However, payments on the claims of the Greater North Louisiana Community Development District, who is also an equity holder, may be deferred at the option of the Debtor.

4. *Equity Security Holders*

Under the Plan's proposed treatment of Class 3, the equity interests will be retained by the equity holders in the Debtor. The equity holders, as a condition of retaining their equity interest and as condition of this Plan going effective, will collectively provide cash payments to satisfy BOM's accrued interest:

- (1) on or before November 21, 2018, in the collective amount of \$100,000.00, and
- (2) on or before December 21, 2018, in the collective amount of \$60,000.00.

These funds shall not become due and owing until Confirmation of the Plan.

The equity holders in the Debtor are as follows:

- 1. Herbert and Janice Simmons (16.47%)
- 2. Myra Due (3.040%)
- 3. Arnold C. Harris (8.060%)
- 4. Charles Hill (18.99990%)
- 5. Simmie Malone (3.810%)
- 6. Eugene and Clotee Richardson (1.500%)
- 7. Angela Lee Collins (1.50%)
- 8. Angelica Arceneaux (1.50%)

9. Greater North LA CDC (45.13%)

**D. Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the ongoing operations of the business, an offset of the certificate of deposit owned by the Debtor, and additional cash from Debtor's equity holders. A copy of the Debtor's monthly cash flow projection is attached hereto as **Exhibit D**.

2. *Post-Confirmation Management*

Until dissolution, the company will be managed by the same management of the Debtor as noted in Section II(C) of this Disclosure Statement. The compensation of the Insider will remain consistent with that disclosed in Section II(B) of this Disclosure Statement, as approved by the Bankruptcy Court.

**E. Executory Contracts and Unexpired Leases**

To the extent Debtor has any rights in the Choice franchise, those rights are assumed. The Debtor will be conclusively deemed to have assumed all executory contracts and/or unexpired leases not expressly rejected before the date of the order confirming this 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 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 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 advisor or attorney for more specific information about particular contracts or leases.

**F. 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 other advisors.* The Debtor, although a limited liability company, is taxed as a partnership, so any tax consequences as a result of this plan will inure to the members of the company and will not affect the finances of the Debtor.

**IV. CONFIRMATION REQUIREMENTS AND PROCEDURE**

To be confirmable, the Plan must meet the requirements listed in Sections 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the Plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in Section 1129 of the Code, 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 the 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 1-3 are impaired and that the holders of claims in these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes of Priority and Administrative Claims 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 Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The deadline for filing a proof of claim in this case is by the date first fixed for the hearing on the disclosure statement, unless otherwise ordered by the Court.***

2. *What Is an Impaired Claim or Security 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 *impaired* under the Plan. As provided in Section 1124 of the Code, a class is



considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote?*

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

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

***Even if you are not entitled to vote on the plan, you have a right to object to the confirmation of the Plan and to the Adequacy of the Disclosure Statement.***

4. *Who can Vote in More than One Class?*

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

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

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that last 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 vote 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 Non-accepting Classes*

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

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

**C. Liquidation Analysis**

To confirm the Plan, the Court must find that all the 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 E**. Unsecured creditors are receiving a dividend under the Plan, whereas they would receive nothing in a Chapter 7 liquidation.

#### **D. Feasibility**

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

##### *1. Ability to Initially Fund the Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Please review **Exhibit B** and **Exhibit C** to determine the amount of cash likely to be on hand on the effective date of the Plan.

##### *2. Ability to Make Future Plan Payments and Operate Without Further Reorganization*

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

The Plan Proponent has provided projected financial information. These projections are listed in **Exhibit D**. Additionally, **Exhibit F** sets forth the Debtor's pending claims against Inn-Ovation and David G. Peterson.

#### **V. EFFECT OF CONFIRMATION OF PLAN**

##### **A. Discharge of Debtor**

On the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in Section 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in Section 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in Section 1141(d)(6)(B). After the effective date of the Plan

your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

**B. Modification of Plan**

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

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

**C. Final Decree**

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

Respectfully submitted:

**GOLD, WEEMS, BRUSER, SUES & RUNDELL**  
**(A Professional Law Corporation)**

BY: /s/ Bradley L. Drell

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