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E-Filed: November 28, 2016

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

<p>In re:</p> <p> SERGIO JIMENEZ and MARIA FLORES DE JIMENEZ</p> <p> Debtor(s).</p>	<p>BK-S-16-11845-led CHAPTER 11 SMALL BUSINESS DEBTORS DEBTOR’S DISCLOSURE STATEMENT - PLAN # 1</p> <p>Hearing Date: TBA Hearing Time: TBA</p>
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**TO THE HONORABLE BANKRUPTCY JUDGE AUGUST B. LANDIS, U.S.
BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA AND TO ALL CREDITORS,
EQUITY SECURITY HOLDERS, AND PARTIES IN INTEREST:**

COMES NOW, Debtor in Possession, SERGIO JIMENEZ and MARIA FLORES DE JIMENEZ (“Debtor¹”) by and through Debtors’ attorney, MICHAEL J HARKER, ESQ. from the LAW OFFICES OF MICHAEL J HARKER, who respectfully submits this Disclosure Statement (“Disclosure Statement”) pursuant to 11 U.S.C. §1125.

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¹ Unless individually named or the context indicates otherwise, reference to “Debtor” in the singular hereafter shall constitute reference to both joint Debtors.

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1. INTRODUCTION

This Disclosure Statement is provided to each known holder of a claim or interest of a particular Class pursuant to 11 U.S.C. § 1125, in connection with the solicitation of acceptance of Debtor’s Plan of Reorganization (the “Plan”) which is attached hereto as Exhibit 1. Attached also hereto at Exhibit 2 are copies of the form of ballots to be used for each creditor class.

The purpose of this Disclosure Statement is to provide such information as would enable a hypothetical, reasonable, investor/creditor typical of the holders of claims in this reorganization case to make an informed judgment in exercising a vote to either accept or reject the Plan. This

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1 Disclosure Statement, in Debtor’s opinion, discloses adequate information material to the
2 evaluation of the Plan and generally contains the following elements as applicable:

- 3 1. The circumstances that gave rise to the filing of the Bankruptcy Petition;
- 4 2. A complete description of available assets and their value;
- 5 3. The anticipated future of the Debtor;
- 6 4. The source(s) of information provided in this Disclosure Statement;
- 7 5. The condition and performance of the Debtor while in Chapter 11;
- 8 6. Information regarding claims against the Bankruptcy Estate (“Estate”);
- 9 7. A liquidation analysis of what creditors would receive under Chapter 7;
- 10 8. The accounting and valuation methods used in producing this disclosure statement;
- 11 9. A summary of the Plan and the potential effect of confirmation;
- 12 10. An estimate of administrative fees and expenses;
- 13 11. Information as to the potential risk factors for creditors and interest holders;
- 14 12. Tax consequences of the plan;
- 15 13. The possible values that can be obtained from avoidable transfers;
- 16 14. The relationship of the Debtor with affiliates;
- 17 15. The collectability of accounts receivable; and
- 18 16. The likelihood of success of any non-bankruptcy litigation.

19 This Disclosure Statement must be approved by the Bankruptcy Court and/or District Court
20 after notice and hearing and prior to the solicitation of creditors with respect to their acceptance of
21 the Plan. “A class of claims has accepted a plan if such plan has been accepted by creditors, ... that
22 hold at least two thirds in amount and more than one half in number of the allowed claims of such
23 class held by creditors...” 11 U.S.C. § 1126 (c). In the event the Plan is not accepted by all classes,
24 the Debtor will request confirmation of the Plan in accordance with the provisions of 11 U.S.C. §
25 1129(b).

1 **CONTAINED HEREIN IS ACCURATE AND COMPLETE. APPROVAL OF THIS**
2 **DISCLOSURE STATEMENT IS NOT AN INDICATION BY THE COURT OF THE**
3 **CONFIRMABILITY OF THE PLAN. THE ABILITY OF THE DEBTOR TO**
4 **ACHIEVE PROJECTED PERFORMANCE IS SUBJECT TO SUBSTANTIAL RISKS.**
5 **THEREFORE, PROJECTIONS PREPARED BY THE DEBTOR DO NOT**
6 **CONSTITUTE A GUARANTY OF RESULTS.**

7 **3. NATURE OF CHAPTER 11 REORGANIZATION PROCEEDINGS**

8 Chapter 11 under the Bankruptcy Code (11 U.S.C. § 101 et seq) is a remedial statute
9 designed to effect the rehabilitation and reorganization of financially distressed individuals and
10 entities while maximizing the returns to creditors. The statutory goals of reorganization
11 proceedings include the following:

- 12 1. Preservation of a debtor’s property as a “going concern”;
- 13 2. Avoidance of the forced and destructive liquidation of a debtor’s assets;
- 14 3. The protection of the interest(s) of the creditors, both secured and unsecured;
- 15 4. The restructuring of the debts and finances of a debtor to enable retention of those
16 assets necessary to rehabilitate debtor’s finances and produce the greatest recovery
17 for creditors.

18 While the formulation and confirmation of a plan of reorganization is the principal function
19 of a Chapter 11 case, Congress recognized in 11 U.S.C. § 1123(a)(5)(d), that the sale of all or any
20 part of the property of an estate and the distribution of all or part of estate property among those
21 having an interest in the property is also a legitimate function of a Chapter 11 proceedings. A plan
22 may affect the interest of all parties and creditors, reject executory contracts, and provide for
23 prosecution and/or settlement of a debtor’s claims against third parties.

24 For a plan to be confirmed, a court must find the favorable votes of certain requisite
25 class(es) and that the “... plan does not discriminate unfairly, and is fair and equitable...” as to

1 claims and interests that are impaired and have not accepted the plan. See 11 U.S.C. § 1129(b)(1).
2 Accordingly, it is not necessary for all classes to accept a plan for the plan to be confirmed. To be
3 determined fair and equitable, a Plan must comply with the “absolute priority rule.” The absolute
4 priority rule requires that beginning with the most senior class of claims of creditors against a
5 debtor, each class in descending rank or priority must receive full and complete compensation
6 before any inferior or junior classes may participate in the distribution.

7 The foregoing is a brief summary of the requirements for a plan and should not be relied
8 upon for voting purposes. This Disclosure Statement is prepared in accordance with 11 U.S.C §
9 1125 and endeavors to provide “adequate information” to creditors in these proceedings. Creditors
10 are urged to consult with their own counsel and to review all pleadings filed in these proceedings
11 in order to fully understand the disclosures made herein, in the Plan, and any other pertinent
12 matters. These Chapter 11 proceedings are conducted under the supervision of a Bankruptcy Judge
13 of the United States Bankruptcy Court for the District of Nevada. The Court may:

- 14 1. Authorize the Debtor, as Debtor-in-Possession, to manage real and personal
15 property;
- 16 2. Permit rejection of executory contracts;
- 17 3. Authorize the Debtor to issue certificates of indebtedness;
- 18 4. Authorize the Debtor-in-Possession to lease or sell properties of the Debtor;
- 19 5. Grant or deny relief from the stay or any suit against the Debtor and of any acts or
20 proceedings to enforce a lien against the Debtor’s property; and
- 21 6. Approve and confirm any plans of reorganization.

22
23 **4. CONSIDERATIONS REGARDING CONFIRMATION & VOTING**

24 Chapter 11 of the Bankruptcy Code permits the adjustment of secured debts, unsecured
25 debts, and equity interests. To confirm a plan, the Court must find that certain requirements are

1 met. These determinations occur at the hearing on confirmation of a plan and are made in
2 consideration of class voting results actually obtained. (See 11 U.S.C. §§ 1129(a-b)).

3 **4.1. No Impaired Dissenting Classes.** Provided that no impaired class votes against the plan, the
4 plan may provide less than full satisfaction of senior indebtedness and payment of junior
5 indebtedness or may provide for return of the stock in a debtor's corporation to its equity
6 owners absent full satisfaction of indebtedness. The test for approval by the court of a
7 Chapter 11 Plan where there is no dissenting class is whether a plan is feasible and in the best
8 interest of the creditors and interest holders. Generally, a plan is considered by the court to
9 be in the best interest of creditors and interest holders if the plan will provide a better
10 recovery to the creditors and interest holders than they would obtain if the debtor was
11 liquidated and the proceeds of the liquidation were distributed in accordance with bankruptcy
12 liquidation priorities.

13 **4.2. Impaired Dissenting Classes.** If an impaired class does vote against a plan, implementation
14 of that plan is not necessarily impossible. Approval under this scenario requires a plan
15 proponent to show that the plan a) does not discriminate unfairly, and b) is fair and equitable,
16 with respect to each class of claims that has not accepted the plan. With respect to secured
17 creditors, to be fair and equitable, a plan must permit a secured creditor to retain its lien and
18 be paid the full value of its secured claim, and must follow the rule of absolute priority (see
19 above) in the payment of unsecured claims and interests. (See 11 U.S.C. 1129(b)(2)).

20 **4.3. Unimpaired Classes.** In the event a class is unimpaired, it is automatically deemed to accept
21 the plan. A class is unimpaired if:

- 22 (a) Its rights after confirmation are the same as existed (or would have existed
23 absent any default) before the commencement of the Chapter 11 case, that any
24 existing defaults are cured or provided for under the plan, and the class is
25 reimbursed actual damages; or

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1 (b) The allowed claims of the class are paid in full in cash as they mature.

2 **4.4. Good Faith.** A court must also find that the plan was proposed in good faith and the plan
3 proponent is in compliance with applicable provisions of Chapter 11.

4 **4.5. Feasibility.** With respect to feasibility, the court is only required to determine whether a plan
5 can be accomplished. This entails determining:

6 (a) The availability of cash for payments required at confirmation;

7 (b) The ability of the debtor to make payments called for under the plan; and

8 (c) The absence of other factor(s) which might make it impossible for a debtor to
9 accomplish what is promised in the plan as contemplated.

10 The Court's judgment on these matters does not constitute an expression of the Court's
11 opinion as to whether the plan is a good one or an opinion by the Court regarding any debt
12 instrument or equity interest or security interest issued to creditors under the plan. Rather, the
13 Court's judgement is merely that the plan complies with the applicable Bankruptcy Code
14 provisions and has garnered sufficient votes by its creditors for confirmation.

15 **UPON SATISFACTION OF 11 U.S.C. §1129(a) GENERAL CONFIRMATION**
16 **STANDARDS, BUT EXCLUDING PARAGRAPH (8), DEBTOR MAY REQUEST**
17 **THE COURT CONFIRM A PLAN OVER THE DISSENT OF A CLASS. THE**
18 **COURT IS REQUIRED TO CONFIRM IF IT FINDS THE PLAN MEETS**
19 **STANDARDS SET FORTH IN §1129(b). AS A RESULT, A DISSENTING CLASS OF**
20 **CREDITORS OR PARTIES IN INTEREST CAN BE BOUND BY THE TERMS OF A**
21 **CHAPTER 11 PLAN WITHOUT THEIR CONSENT. THIS PLAN MAY BE**
22 **CONFIRMED DESPITE THE EXISTENCE OF A NON ACCEPTING IMPAIRED**
23 **CLASS IF: (1) THE PLAN DOES NOT DISCRIMINATE UNFAIRLY AGAINST**
24 **THE CLASS, AND (2) THE PLAN IS FAIR AND EQUITABLE TO THE CLASS.**
25 **UPON SUCH DETERMINATION, DISSENTING CREDITOR(S) WILL BE BOUND**
BY THE TERMS OF THE PLAN.

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5. HISTORY OF THE DEBTOR

5.1. **Background.** Sergio and Maria Jimenez are a married couple. Sergio Jimenez is currently employed at Vegas Paving Inc as a labor worker and had been there for about 1 ½ years when the petition was filed. Maria Jimenez is a Kitchen Worker at the Bellagio Hotel & Casino as has worked there for about 11 years. Debtors also have an investment property located at 6496 Heatherton Ave, Las Vegas, Nevada 89110. Said property is rented and also generates income for the debtors.

5.2. **Events Leading to the Chapter 11 Filing.** Debtor is no longer regularly generating enough income to maintain all creditor payments and has experienced a devaluation of Debtor's Investment Properties located at 6496 Heatherton Ave., Las Vegas, Nevada 89110 Debtor has determined that a reorganized budget permits the retention of the Investment Property and has filed the underlying Chapter 11 bankruptcy to devise a plan of repayment. Debtor intends to "cram down" the Investment Property.

5.3. **Operation and Present Condition.** Currently, Debtor's income is generated from employment and from rental income received from Debtor's Investment Property. Debtor has been able to improve cash reserves since the filing of this bankruptcy and also retain income which can be used to fund the Plan. Debtor intends by way of the Plan to allocate available disposable monthly income to repay creditors in accordance of the Plan. Available funding is outlined in Schedule 1 as well as the Plan (Exhibit 1), both attached hereto. It is the Debtor's intent to satisfy secured claims against the Investment Property pursuant to 11 U.S.C. § 506(a) with payments of principal and interest over the term listed. Debtor is not planning any avoidable transfers or objections to claims at this time and has sufficient net income to fund proposed payments to Creditors under the Plan.

5.4. **Significant Events Occurring in this Bankruptcy.** On April 6, 2016 Debtor filed a voluntary petition pursuant to Chapter 11 of the Bankruptcy Code and retained The Law

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1 Offices of Michael J Harker as counsel (See § 14 below). The meeting of creditors (11
2 U.S.C. § 341) was held and concluded at the Federal Courthouse in Las Vegas, Nevada.
3 During this period, Debtor has remained in possession of Estate property pursuant to 11
4 U.S.C. § 1107. Since filing the voluntary petition, Debtor's efforts have focused on
5 reorganization of secured & unsecured debt. Debtor has filed an Application to Employ
6 (counsel) and Debtor also filed a Motion To Value the Investment property. There have been
7 no other significant events during the pending proceedings and Debtor's finances have
8 remained stable.

9 **5.5. Management of Finances.** Both before and after the filing of this case, Debtor has managed
10 Debtor's personal affairs and expenses preserving cash resources and making payments for
11 ordinary living expenses. As needed and subject to Court approval, Debtor may retain the
12 services of a professional to file annual taxes however there is no present intent to retain a
13 financial manager to guide or oversee Debtor's financial affairs. Debtor will continue to
14 manage Debtor's own financial affairs post confirmation and throughout the duration of the
15 Plan.

16 **5.6. Debtor's Anticipated Future.** Debtor plans to use future income to fund the Plan as
17 summarized in the "Cash Flow Analysis" attached hereto as Schedule 1. Debtor anticipates
18 that the course of repayment will be certain other than unforeseen business loss, personal
19 disability, or a downturn in general economic activity which exceeds worst estimates
20 presently available to the general public.

21 **5.7. Prior Bankruptcy Proceedings.** Debtor has not filed for bankruptcy protection prior to the
22 present case. There are no case associations or case filing associations for this case.
23
24
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6. SOURCE OF INFORMATION FOR THIS DISCLOSURE STATEMENT

Information contained in this Disclosure Statement and the Plan have not been audited. Descriptions, values, and facts provided are derived from the Debtor’s experience in managing Debtor’s personal affairs and finances and where applicable, from professionals employed by Debtor. Significant effort has been made to compile and review the information provided herein. Debtor does not warrant or represent that information provided is accurate and complete though. This Disclosure Statement merely contains a summary of the Plan which shall control in the event of any inconsistencies between the documents. Creditors are urged to review the Plan prior to voting. Statements herein are made as of the date the Disclosure Statement is executed by Debtor unless another time is expressly provided. The delivery of this Disclosure Statement shall not under any circumstances create an implication that there has not been any change in the information provided since the date of execution. All the terms herein have the same meanings as in the Plan unless the context requires otherwise.

7. DESCRIPTION OF CURRENT FINANCIAL CONDITION

7.1. Assets. Debtor’s assets consist generally of the following:

Real Property:	6496 Heatherton Ave, Las Vegas, Nevada 89110 (undersecured Investment property)
Personal Property:	Bank Accounts Household Goods and Furnishings Clothing Vehicles

Details regarding applicable exemptions and the extent to which these assets are encumbered are provided in Debtor’s official schedules, as amended, and Schedule 2, attached hereto.

7.2. Liabilities. The estimated liabilities of the Debtor are set forth in Debtor’s official schedules, as amended, as well as in post-petition operating reports include:

Proofs of Claim Filed - Total: (4 Claims)

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Secured Claims Total:	\$457463.82
Priority Claims Total:	\$0.00
Unsecured Claims Total:	\$16757.45
Total:	\$474221.27
Schedule D – Creditors Holding Secured Claims	
Creditors Listed (1)	Total Scheduled: \$305999.85
Schedule E – Creditors Holding Unsecured Priority Claims	
Creditors Listed (0)	Total Scheduled: \$0.00
Schedule F – Creditors Holding Unsecured Non-Priority Claims	
Creditors Listed (3)	Total Scheduled: \$16278.39

Note: Plan payments (if any) shall be paid to creditors who have filed a proof of claim or who are deemed to have filed a proof of claim, that are not disputed, contingent, unliquidated, or otherwise allowed by order of the Court (11 U.S.C. § 1111 (a)). Scheduled claims may not match in amount, number, or classification, the actual proofs of claim filed. To ensure proper classification and the avoidance of redundant payments, the Plan will reconcile scheduled claims against filed proofs of claim, stipulated claims, and/or claims otherwise allowed. Debtor reserves its right to the full extent permissible under the Bankruptcy Code, to object to claims.

7.3 Valuation Discussion. Debtor believes the valuation of assets, estimated on schedules, as amended, are fair estimate(s) if the assets were to be sold at full market value. Should Debtor be converted to a Chapter 7 bankruptcy resulting in the liquidation of the Estate, it is highly possible that significantly lower value(s), or no value at all may be received for each claim. As such, the liquidation analysis in Schedule 2, should only be considered in the context of orderly sales transaction(s) with motivated purchasers. In the event of a liquidation, actual value received and resulting creditor payments may vary dramatically depending on the specific markets available to sell Estate assets. Debtor believes the highest potential (and timely) recovery available with the least risk to creditors will be achieved through the proposed Plan.

7.4. Feasibility and Future Expenses. Debtor's Investment Property rental income and personal income has remained stable over the past 6 months and is expected to continue to continue to

1 do so. It is believed that Debtor will continue to have sufficient total resources to fund all
2 Plan payments (Refer to Schedule 1).

4 8. SUMMARY OF THE PLAN

5 The following is a brief summary of the proposed Plan of Reorganization to assist affected
6 creditors in their understanding of Plan provisions. This summary is not a solicitation for
7 acceptance of the Plan. Creditors should not rely on this summary to decide whether or not to vote
8 in favor of or against the Plan. Creditors are expressly referred to the Plan itself as it contains many
9 provisions which will not be summarized herein. The Plan provides for classification of creditors
10 in accordance with the Bankruptcy Code. Debtor has utilized actual appraisals, stipulations where
11 applicable, scheduled amounts, and amounts in filed proofs of claim to establish values for assets,
12 liabilities, and properties. Cash reporting accounting methods are used.

13 **8.1. Unclassified Claims.** Certain types of claims are entitled to specific treatment under the
14 Code. These claims are not considered impaired and holders of such claims do not vote on
15 the Plan. Subject holders may however object, if in their view, their treatment under the Plan
16 does not comply with that required by the Bankruptcy Code. As such, the Debtor did not
17 place the following claims in any Plan class:

18 **8.1.1. Administrative Expenses.** Administrative expenses are costs or expenses of
19 administering the Debtors' Chapter 11 case, which are allowed and given priority
20 under § 507(a)(2) of the Bankruptcy Code.

21 **8.1.2. Professional Fees.** These expenses consist of fees for services rendered and expenses
22 incurred by counsel and other professional persons prior to the Effective Date of the
23 Plan, as approved and allowed by order of the Court, and any other expenses incurred
24 during the course of the Chapter 11 proceeding that have not yet been paid. Presently,
25 the member(s) of this class include Michael J Harker, Esq., Counsel for the Debtor.

1 All claims in this class shall be paid in cash and in such amounts as may be allowed
 2 and approved by the Court on the Effective Date, or after such claims are finally
 3 allowed, whichever is later, to the extent of available funds. Such claims may be paid
 4 in accordance with any approved agreement or waiver. See also § 14 below for details.
 5 Debtor anticipates \$5000 to \$15,000 more in such fees which will require approval
 6 from the Bankruptcy Court.

7 **8.1.3. The United States Trustee.** These expenses consist of various claims of the Office of
 8 the United States Trustee for fees from the date of confirmation until the Chapter 11
 9 file is closed by the Bankruptcy Clerk, including fees based on the amount of
 10 disbursements made by the Debtor paid on a quarterly basis. The Reorganized Debtor
 11 shall timely pay post confirmation quarterly fees assessed pursuant to 28 U.S.C. §
 12 1930 (a)(6) until such time as this Bankruptcy Court enters a final decree closing this
 13 Chapter 11 case, administratively closes, orders conversion to a case under Chapter 7,
 14 or dismisses this case. After confirmation, the reorganized Debtor shall file with this
 15 Court and shall serve on the United States Trustee such reports as required by Trustee
 16 Guidelines and Federal Rule of Bankruptcy Procedure 2015. In the event the Debtor
 17 owes pre confirmation U.S. Trustee's fees on the date of confirmation, the Debtor shall
 18 pay all past due fees to the U.S. Trustee on or before the Effective Date of the Plan.

19 **8.2. Classified Claims.** The following are the Classes set forth in the Plan, and the proposed
 20 treatment they will receive under the Plan.

21 **8.2.1. Class One:** Secured Claim of SPECIALIZED LOAN SERVICING, LLC

Description:	Class One consists of the Secured Claim (See Claim 2-1) against Debtor's Investment Property located at 6496 Heatherton Ave. Las Vegas, NV 89110
Valuation:	Debtor has agreed on the value of said property in the amount of \$218,500.00 with Specialized Loan Servicing, LLC, who holds the Deed of Trust on the property.

Treatment:	The Class One claim shall be reamortized and rescheduled. The interest rate shall be 5.25% per annum (fixed). Fixed monthly payments of \$1207 paid over thirty (30) years shall begin 30 days after confirmation of the plan and continue for 30 years, when all such outstanding amounts under the secured claim are to be paid in full.
Unsecured Portion of the Claim:	Any amount of the original Class One claim that is deemed to be unsecured shall be converted to an Unsecured Claim and paid pro rata with general unsecured creditors.
Escrow Payments:	Debtor shall tender all necessary escrow payments for any and all real property taxes and/or real property insurance advances (Debtor's policy only) made or to be made by Class One Creditor and tender necessary ongoing escrow payments with Debtor's regular monthly mortgage payments until the loan is paid in full.
Voting:	Class One is an impaired class and the holder of the Class One claim is entitled to vote to accept or reject the Plan.

8.2.2 Class Two: General Unsecured Claims

Description:	Class Two consists of General Unsecured claims against the Debtor which includes the unsecured portion of Class One.
Treatment:	All Class Two Creditors having filed proofs of claims by August 10, 2016 (the "Deadline To File a Proof of Claim") or deemed to have filed proof of claims, that are not disputed, contingent, unliquidated, or otherwise approved by Order of the Court, shall be paid their pro rata share 1) \$10000.00 over the 5 year period beginning on the date that the first payment is due under the Plan, No interest shall be paid to Class Three Creditors.
Voting:	Class Three is an impaired class and holders of allowed Class Three claims are entitled to vote to accept or reject the Plan.

8.3. Other Provisions. Notwithstanding confirmation of the Plan, the Court will retain jurisdiction (i) to determine the allowance of claims upon objection by a party in interest, (ii) to determine requests for payment of administrative claims and expenses, including compensation, entitled to priority under §507(a)(I) of the Code, (iii) to resolve disputes regarding interpretation of the Plan, (iv) to modify the Plan, (v) to implement provisions of

1 the Plan, (vi) to adjudicate any cause of action brought by the Debtor or Trustee as
2 representatives of the Estate, (vii) to enter a final decree, and (viii) for other purposes.

3
4 **9. PENDING LITIGATION**

5 No pending litigation involving the Debtor or the Estate is presently pending or anticipated.

6
7 **10. ALTERNATIVES TO THE PROPOSED PLAN**

8 Debtor believes the Plan will realize the maximum available benefit for creditors. If the
9 Plan is not confirmed, however, the Debtor will seek other avenues for resolution and/or
10 liquidation of debts.

11 **10.1. Conversion.** In the event no suitable alternative to the Plan can be found and ultimately
12 writs of execution and or wage garnishments are levied against the Debtor in the future,
13 Debtor may be compelled to recommend the conversion of this Chapter 11 case to a case
14 under Chapter 7, with a resulting liquidation by a duly appointed or elected Chapter 7 Trustee.
15 The Plan provides that property of the Estate will vest in the reorganized Debtor thirty days
16 after entry of the final Confirmation Order. Upon conversion of this case to Chapter 7, all
17 property re-vested in the Debtor under the Plan, or subsequently acquired, shall constitute
18 property of the bankruptcy estate in the converted case. Debtor is of the opinion that a
19 straight liquidation of the assets would not be in the best interest of the creditors generally
20 and the following is likely to occur:

- 21 1. The newly appointed Chapter 7 Trustee will have to become familiar with the
22 Debtor's financial affairs and operations in order to evaluate all of the Debtor's
23 assets and liabilities;
- 24 2. In addition to the duplication of efforts that would transpire as a result of the Chapter
25 7 Trustee having to review documents and interview persons in order to become

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sufficiently acquainted with the Debtor’s affairs, the Chapter 7 Trustee would likely retain professionals to aid in administering the Estate;

3. Additional administrative expenses entitled to priority over general unsecured claims will be incurred. Such administrative expenses will include Chapter 7 Trustee’s commissions and likely fees for the professionals to be retained; and
4. There will likely be no distribution at all to the creditors until the case is ready to be closed.

The Debtor will allow the creditors and parties in interest to draw their own conclusions with respect to the delay associated with Chapter 7 liquidation. It is certain that the above factors will result in additional dilution to any projected dividend. Debtor believes though that such a speculative projection should be evaluated by the creditors themselves. Debtor believes if the non-exempt assets of the Estate were liquidated through a trustee there will be lower dividends to the unsecured creditors, for the following reasons:

1. Secured creditors must be paid in full first from the sale of the encumbered assets which asset(s) would appraise for less than amounts due under the security agreements before unsecured creditors may receive any funds therefrom. Therefore, in the case of forced bankruptcy liquidation, little recovery, if any may result for the unsecured creditors as there are few if any non-exempt secured assets.
2. Debtor has prepared a “Liquidation Analysis,” attached hereto as Schedule 2 which illustrates the likely outcome of a liquidation of the Estate. This analysis is conservative though and assumes an orderly liquidation, low transaction costs, and estimated sales proceeds that may not reflect market reality in a forced sale. Additionally, certain costs of liquidation such as auction or broker’s fees, salvage costs, and incidental expenses have not been accounted for.

1 **10.2. Dismissal.** Dismissal of the proceeding would, in the Debtor's opinion, lead to an
2 unsatisfactory result as well. Dismissal will invariably result in any secured creditor initiating
3 foreclosure proceedings and subsequently foreclosing on the Investment Properties which
4 Debtor is attempting to reorganize. Limited personal assets would be available for the
5 creditors to secure judgments against as a significant portion are exempt property or have
6 only modest equity. Creditors may incur significant costs as well as be forced into conflict
7 with other creditors. Further, these actions would cause the Debtor to incur more expenses in
8 the form of professional fees, etc., thereby leaving even less for distribution to creditors.

9 Debtor has attempted to set forth possible alternatives to the proposed Plan in this
10 Disclosure Statement. It should be noted that a vote against the Plan leading to ultimate
11 rejection of the Plan will not alter the present status of the Debtor. A vote on the Plan does
12 not include a vote on alternatives to the Plan. There is no assurance what turn the
13 proceedings will take if the Plan is rejected. If you believe one of the alternatives referred to
14 above is preferable to the Plan and you wish to urge it upon the Court, you should consult
15 independent counsel.

16 **10.3. Risk Factors & Default.** Various risk factors can affect the success of a Plan and/or require
17 future amendment(s). Risk factors personal to the Debtor may include change or loss of
18 employment, disability, unexpected expenses (business or otherwise), loss of customers, and
19 management decisions which may negatively affect business revenue. Events beyond
20 Debtor's control can also result in Debtor's inability to fund the Plan such as a general
21 slowing of economic activity and/or events of "force majeure." Upon confirmation of a
22 Chapter 11 Plan, the Plan operates as a contract between the Debtor and creditors. Events of
23 default and related notice requirements are described in the Plan.

24 If Debtor fails to cure a default in the period(s) provided for in the Plan, subject to
25 notice requirements, a creditor has the right to bring suit in the State District Court against

1 the Debtor or to apply to the Federal Bankruptcy Court for relief through dismissal of the
2 Chapter 11 case.

3
4 **11. FEDERAL INCOME TAX CONSEQUENCES TO CREDITORS**

5 Distributions received from the Estate may be taxed. The characterization of distributions
6 for tax purpose depends upon the nature of the claim. The method of accounting utilized by a
7 creditor for income tax purposes may also affect the tax consequences of a distribution. In general,
8 the amount of gain (or loss) recognized by a creditor distributee will be the difference between (i)
9 the creditor's basis (if any) in the claim, and (ii) the amount of the distribution. Characterization of
10 a distribution as ordinary income or capital gain depends generally upon whether the distribution
11 results from a claim which would otherwise generate ordinary income or would constitute a return
12 of capital.

13 **STATEMENTS REGARDING INCOME TAX CONSEQUENCES ARE NOT**
14 **BINDING AND NO RULING HAS BEEN SOUGHT OR OBTAINED BY DEBTOR**
15 **FROM THE INTERNAL REVENUE SERVICE OR ANY OTHER TAXING**
16 **AUTHORITY WITH RESPECT TO THESE MATTERS. DUE TO THE**
17 **COMPLEXITY OF TAX MATTERS, CREDITORS ARE URGED TO CONSULT A**
18 **TAX ADVISOR TO DETERMINE THEIR SPECIFIC TAX CONSEQUENCES**
19 **UNDER FEDERAL, STATE, AND LOCAL LAWS, WHICH MAY RESULT FROM**
20 **CONFIRMATION AND CONSUMMATION OF THE PLAN.**

21
22 **12. IMPLEMENTATION AND EXECUTION OF THE PLAN**

23 Implementation of the Plan occurs after entry of an order by the Bankruptcy Court
24 confirming the Plan. If accepted and approved as filed, implementation of the Plan shall begin as
25 soon as practicable after Confirmation.

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13. MODIFICATION OF PLAN

The Debtor may modify a plan at any time before confirmation of the plan, but modified plans must meet the requirements of §§ 1122 and 1123 of the Bankruptcy Code. The Court may require a new disclosure statement and/or the re balloting of modified plans.

If the debtor is an individual, as in this present case, the plan may be modified at any time after confirmation of the plan but before the completion of payments under the plan, whether or not the plan has been substantially consummated. Modification may be upon request of the Debtor, the Trustee, the United States Trustee, or the holder of an allowed unsecured claim for the purpose of (1) increasing or reducing the amount of payments under a plan on claims of a particular class provided for by the plan, (2) extending or reducing the time period for such payments, or (3) altering 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 a claim made other than under the plan.

Effective as of the date of the Disclosure Statement and subject to the limitations and rights contained in the Plan, the Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the confirmation order. Further, after the entry of the confirmation order, the Debtor or the reorganized Debtor, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(e) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan, subject to compliance with all applicable requirements of the Bankruptcy Code.

14. DISCLOSURE & FEES

Pursuant to § 1129(a)(4) of the Bankruptcy Code, payments made or to be made for services, or for costs and expenses, in or in connection with the case, or connection with the Plan and incident to the case, are subject to approval of the Court as reasonable. Debtor engaged the Law

1 Offices of Michael J. Harker, Esq., under a general retainer for representation in these Chapter 11
2 proceedings (See Docket #8). Debtor's Counsel has not filed any interim fee application(s) at this
3 time. It is anticipated that, in addition to \$12,500.00 paid as a retainer prior to the filing of the
4 bankruptcy, future legal fees will be approximately \$5,000 to \$15,000.00. Additional fees are
5 subject to application, notice, and Court approval. No professionals outside of those previously
6 approved were paid to prepare any information in this Disclosure Statement and no additional
7 Estate monies, other than those previously approved, were expended to prepare this Disclosure
8 Statement.

9 **15. FRAUDULENT AND PREFERENTIAL TRANSFERS**

10 To the best of Debtors' knowledge and belief there have not been any fraudulent or
11 preferential transfers within one year of the bankruptcy filing.

12
13 **16. CONCLUSION**

14 Debtor believes that the Plan as proposed will provide a better outcome for creditors to
15 receive maximum potential payment on claims in a timely fashion than that which would occur
16 resulting from a Chapter 7 liquidation or distress sale of Debtor's assets. If the Plan is not
17 approved, Debtor will continue to seek reorganization alternatives though liquidation may ensue,
18 with the consequences as discussed above in Section 10. This Disclosure Statement is subject to
19 the approval by the Bankruptcy Court after notice and hearing.

20 **APPROVAL BY THE UNITED STATES BANKRUPTCY COURT OF THIS**
21 **DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY**
22 **THE COURT OF THE DEBTOR'S PLAN OR A GUARANTEE OF THE**
23 **ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED**
24 **HEREIN.**

1 The Plan of Reorganization contains additional provisions and each creditor should review
2 the provisions of the Plan with particularity.

3
4 RESPECTFULLY SUBMITTED this 25th day of November, 2016.

5 By; /s/ Michael J Harker
6 MICHAEL J HARKER, ESQ.
7 Attorney for Debtor

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THE LAW OFFICES OF MICHAEL J HARKER

2901 El Camino Ave. #200

Las Vegas, NV 89102

Tel: (702) 248-3000 Fax: (702) 425-7290

SCHEDULE 1 – CASH FLOW ANALYSIS

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Debtor:

Case Number:

SERGIO JIMENEZ MARIA FLORES DE JIMENEZ	16-11845-led
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This analysis is based on a number of estimates and assumptions that, although considered reasonable by the Debtor, are inherently subject to significant economic, business and competitive uncertainties and contingencies beyond the control of the Debtor. This analysis is also based on the Debtor’s best judgment of how likely it is that Debtor will be able to retain the same level of income throughout the life of the Plan and not have income reduced. There can be no assurance that the cash flow estimates reflected in this analysis will be realized if the Debtor is unable to maintain current income and actual results may vary materially and adversely from those contained herein.

CURRENT AND PROJECTED MONTHLY INCOME/EXPENSE SUMMARY

Notes:	Income	Current	Projected
1. Income projection is conservative estimate. 2. “Current” column includes non-adjusted mortgage payments and “Projected” column includes adjusted mortgage payments per the Plan. 3. Entries are rounded to nearest whole dollar amount. 4. “Schedule” references refer to Debtor’s Official Form B 6I & 6J – See Docket #1.	Rental Income 6496 Heatherton Ave. Las Vegas, Nevada 89110	\$1300	\$1300
	Debtor’s Net Income	\$6404	\$6404
	Total Income	\$7704	\$7704
	Monthly Expenses	Current	Projected
	Mortgage Payment 6496 Heatherton Ave. Las Vegas, Nevada 89110	\$2100	\$1500
	Monthly Expenses Schedule J – Line 22	\$4713	\$4713
	Total Expenses	\$6813	\$4177
	Cash Flow (Disposable Income)	\$891	\$1491

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SCHEDULE 2 –LIQUIDATION SUMMARY ANALYSIS

Debtor: Sergio Jimenez and Maria Flores de Jimenez **Case Number:** 16-11845-led

Sergio Jimenez and Maria Flores de Jimenez	16-11845-led
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List of Debtor’s Real Property, Lien Amounts, Exemptions, and Equity

Property	Lien Amounts	Equity	Exempt	Non-Exempt
6496 heatherton ave. Las Vegas, NV 89110	\$457463.82 ¹	(\$238963.82)	N/A	N/A

List of Debtors’ Personal Property, Lien Amounts, Exemptions and Equity²

Property	Lien Amounts	Equity	Exempt	Non-Exempt
Accounts	\$0.00	\$270.00	\$270.00	\$0.00
Personal Clothing	\$0.00	\$1000.00	\$1000.00	\$0.00
Household Furniture	\$0.00	\$3000.00	\$3000.00	\$0.00
Vehicles	\$0.00	\$12,700.00	\$12700.00	\$0.00
Totals	\$0.00	\$108,183.07	\$55,400.00	\$0.00

Adjustments

11 U.S.C § 326 Estimated Chapter 7 Administrative Expenses	\$5000
Liquidation Value	(\$5000)

1. See Proof of Claim 2-1
2. For Details, refer to Debtor’s official Form B6 B & C

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