

1 MORRIS POLICH & PURDY LLP  
 2 CANDACE C. CARLYON, ESQ.  
 Nevada Bar No. 2666  
 3 MATTHEW R. CARLYON, ESQ.  
 Nevada Bar No. 12712  
 4 3800 Howard Hughes Parkway, Suite 500  
 Las Vegas, NV 89169  
 5 Telephone No. (702) 862-8300  
 Facsimile No. (702) 862-8400  
 6 Email: ccarlyon@mpplaw.com  
 mcarlyon@mpplaw.com  
 7 *Counsel for Debtor,*  
 8 *Gillespie Office and Systems Furniture, Inc.*

9  
 10 **UNITED STATES BANKRUPTCY COURT**  
 11 **DISTRICT OF NEVADA**

12 In re  
 13 GILLESPIE OFFICE AND SYSTEMS  
 FURNITURE, INC.

14 Debtor.

Case No.: 16-11943-abl

Chapter: 11

**DEBTOR'S AMENDED DISCLOSURE  
 STATEMENT TO ACCOMPANY PLAN  
 OF REORGANIZATION**

**Confirmation Hearing Date: July 10, 2017**

**Hearing Time: 9:30 a.m.**

15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25  
 26  
 27  
 28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Table of Contents**

I. INTRODUCTION ..... 1

II. PROCEDURE FOR CONFIRMATION OF THE PLAN ..... 3

    A. Request for Approval of the Disclosure Statement..... 3

    B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing ..... 3

        1. Time and Place of the Hearing to Confirm the Plan. .... 3

        2. Deadline For Voting to Accept or Reject the Plan and for Transmitting Ballots. .... 3

        3. Deadline for Objecting to Confirmation of the Plan. .... 4

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

    C. Disclaimer. .... 4

III. BACKGROUND ..... 4

    A. Description and History of the Debtor’s Business..... 4

    B. Ownership and Management of the Debtor. .... 5

    C. Events Leading to the Chapter 11 Filing..... 6

    D. Significant Events During the Bankruptcy..... 8

IV. SUMMARY OF THE PLAN ..... 11

    A. Unclassified Claims..... 11

        1. Administrative Expenses. .... 11

        2. Priority Tax Claims. .... 12

    B. Executory Contracts ..... 13

        1. Previously Assumed Contracts. .... 13

        2. Other Executory Contracts to be Assumed Through the Plan. .... 13

        3. Executory Contracts to be Rejected through the Plan..... 15

    C. Secured Claims..... 15

        1. Class 1 Bank of Nevada Secured Claim.. .... 15

    D. Unsecured Claims ..... 16

        1. Class 2 General Unsecured Claims. .... 16

        2. Class 3 Administrative Convenience Claims..... 16

        3. Class 4 Council Claims... .... 16

    E. Equity Interests..... 17

V. MEANS FOR EFFECTUATION OF THE PLAN..... 17

VI. TAX CONSEQUENCES OF PLAN..... 17

1	VII. CONFIRMATION REQUIREMENTS AND PROCEDURES.....	18
2	A. Who May Vote or Object .....	18
3	B. What Is an Allowed Claim or an Allowed Equity Interest?.....	18
4	C. What Is an Impaired Claim or Impaired Equity Interest? .....	19
5	D. Votes Necessary to Confirm the Plan .....	19
6	E. Cramdown .....	20
7	F. Liquidation Analysis .....	20
8	G. Feasibility .....	20
9	1. Ability to Initially Fund Plan. ....	20
10	2. Ability to Make Future Plan Payments And Operate Without Further Reorganization. ....	21
11	VIII. EFFECT OF CONFIRMATION OF PLAN.....	21
12	A. Binding Effect. ....	21
13	B. Vesting of Assets.....	21
14	C. Discharge of Debtor and Termination of Membership Interests.....	22
15	D. Injunction. ....	23
16	E. Exculpation and Limitation of Liability.....	24
17	F. Injunction Related to Releases, Exculpation and Interference with Plan.....	26
18	G. Retention of Jurisdiction .....	25
19	H. Final Decree .....	26
20	IX. RISK FACTORS .....	27
21	X. THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.....	27
22		
23		
24		
25		
26		
27		
28		

I. INTRODUCTION

Debtor, Gillespie Office and Systems Furniture, Inc. (“Debtor”), hereby submits its Amended Disclosure Statement to Accompany Plan of Reorganization (the “Disclosure Statement”). This Disclosure Statement contains information about the Debtor and describes the Debtor’s Amended Plan of Reorganization (the “Plan”) attached to this Disclosure Statement as Exhibit 1. 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. Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

The Plan generally calls for payments to be made to creditors from cash generated from the Debtor’s operations. The timing and amount of projected payments are discussed in Section IV of this Disclosure Statement.

The purposes of this Disclosure Statement are as follows:

- (a) provide adequate information to enable a hypothetical reasonable investor typical of the holders of claims or interests in the case to make an informed judgment about the Plan;
- (b) set forth information regarding the history of the Debtor, the filing of the Chapter 11 Petition, the Plan and Plan alternatives;
- (c) advise Creditors of their rights and to assist them in making an informed decision regarding whether to accept the Plan; and
- (d) assist the Bankruptcy Court in making an informed decision regarding whether the Plan complies with the requirements of the Bankruptcy Code.

No post-petition solicitation of votes on the Plan may be made except pursuant to this Disclosure Statement and no person has been authorized to utilize any information concerning

1 the Debtor other than the information contained in this Disclosure Statement for purposes of  
2 solicitation.

3 THE STATEMENTS AND INFORMATION CONCERNING THE DEBTOR SET  
4 FORTH IN THIS DISCLOSURE STATEMENT CONSTITUTE THE ONLY STATEMENTS  
5 OR INFORMATION CONCERNING SUCH MATTERS THAT HAVE BEEN APPROVED  
6 BY THE BANKRUPTCY COURT FOR THE PURPOSE OF SOLICITING ACCEPTANCES  
7 OR REJECTIONS OF THE PLAN. THE STATEMENTS AND INFORMATION ABOUT  
8 THE DEBTOR AND THE FINANCIAL INFORMATION OF THE DEBTOR, INCLUDING  
9 ALL FINANCIAL PROJECTIONS AND INFORMATION REGARDING CLAIMS  
10 CONTAINED IN THE DISCLOSURE STATEMENT, HAVE BEEN PREPARED BY THE  
11 DEBTOR AND ITS PROFESSIONALS BASED ON DOCUMENTS AND INFORMATION  
12 CREATED OR OBTAINED BY THE DEBTOR. CERTAIN ESTIMATES, ASSUMPTIONS  
13 AND PROJECTIONS MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE  
14 RESULTS.  
15  
16

17 THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE  
18 MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS ANOTHER  
19 TIME IS SPECIFIED. NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT  
20 NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN WILL  
21 UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN  
22 NO CHANGE IN THE INFORMATION SET FORTH IN THE DISCLOSURE STATEMENT  
23 SINCE THE DATE OF THIS DISCLOSURE STATEMENT AND THE DATE ON WHICH  
24 MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT  
25 WERE COMPILED.  
26

27 THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY  
28

1 PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR  
2 AGAINST THE PLAN.

3 **II. PROCEDURE FOR CONFIRMATION OF THE PLAN**

4 **A. Request for Approval of the Disclosure Statement**

5 Pursuant to Bankruptcy Code §1125, the proponent of a plan must initially obtain  
6 approval of a disclosure statement as containing adequate information to enable creditors to  
7 make an informed judgment about the plan. The disclosure statement is then transmitted to  
8 creditors, along with the plan itself and a ballot for accepting or rejecting the plan.  
9

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

11 **1. Time and Place of the Hearing to Confirm the Plan.**

12 The hearing at which the Court will determine whether to confirm the Plan will take  
13 place on July 10, 2017 at 9:30 a.m., in Courtroom 1 of the United States Bankruptcy Court,  
14 District of Nevada, located at 300 Las Vegas Blvd. S., Third Floor, Las Vegas, NV 89101, or at  
15 such other time as may be noticed to creditors or announced at the date and time of the original  
16 hearing date.  
17

18 **2. Deadline For Voting to Accept or Reject the Plan and for Transmitting Ballots.**

19 Ballots must be completed using Official Bankruptcy Form 25B and must be transmitted  
20 so as to be received by Debtor's counsel on or before 5:00 p.m., PST, on June 26, 2017. Ballots  
21 may be transmitted via mail or hand delivery, or may be transmitted electronically if (a) a return  
22 receipt is requested and (b) a return receipt is received. Ballots should be returned to:  
23

24 Candace C. Carlyon, Esq.  
25 Morris, Polich & Purdy, LLC  
26 3800 Howard Hughes Pkwy, Suite 500  
27 Las Vegas, NV 89169  
28 [ccarlyon@mpplaw.com](mailto:ccarlyon@mpplaw.com)



1           **3. Deadline for Objecting to Confirmation of the Plan.**

2           Any objection to the Plan, and any declarations in support of or in opposition to the Plan,  
3           must be filed with the Court no later than July 26, 2017.

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

5           If you want additional information about the Plan, you should contact Candace C.  
6           Carlyon, Esq. at 702.697.7530, [ccarlyon@mpplaw.com](mailto:ccarlyon@mpplaw.com).  
7

8           **C. Disclaimer.**

9           The Court has not yet determined whether the Plan meets the legal requirements for  
10           confirmation, and the Court's approval of this Disclosure Statement does not constitute an  
11           endorsement of the Plan by the Court, or a recommendation that it be accepted.  
12

13   **III.       BACKGROUND**

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

15           Debtor does business as A&B Printing & Mailing. Debtor has been providing printing  
16           and mailing services to customers in the Las Vegas area since 1979. Debtor's office and printing  
17           operations are located at 2908 South Highland Drive, Las Vegas, Nevada, in a 24,000 square  
18           foot printing facility two blocks west of the Las Vegas Strip and three blocks west of the Las  
19           Vegas Convention Center and the Sands Convention Center.

20           In September 2000, the Debtor was created and established as a Nevada Limited Liability  
21           Company operating under the laws of the State of Nevada. On October 14, 2015, the Debtor  
22           filed Articles of Conversion with the Nevada Secretary of State to convert the Debtor from a  
23           limited-liability company to a Nevada corporation, and A&B Printing became a d/b/a of  
24           Gillespie Office and Systems Furniture, Inc.  
25

26           Debtor has grown to become the largest full-service commercial union print shop in Las  
27           Vegas. The Company is the largest 100% woman owned business print shop and the largest  
28

1 union print shop in Las Vegas and is minority certified. Debtor employs approximately 37  
2 highly-trained printing professionals and has invested in state of the art equipment to ensure that  
3 the Debtor is able to provide top quality services to its customers.

4 Debtor provides a wide range of services to the commercial sector, including brochures,  
5 bulk printing and direct mail printing services, business cards, and indoor and outdoor signs, to  
6 name a few. The Debtor also provides services for political printing and mailing. The Company  
7 has worked directly with many candidates and services political strategy groups who manage  
8 multiple campaigns. The Debtor is able to meet the high demands of the political customer  
9 through its ability to print in high volume in a short amount of time to produce large format signs  
10 and banners. Debtor also has a state-of-the art screen machine for T-shirt prints and offers made  
11 in America T-shirts.  
12

#### 13 **B. Ownership and Management of the Debtor.**

14 In 2000 the Debtor was acquired by Barbara Allen and Kathleen Gillespie, each of whom  
15 is currently a director and 50% shareholder of the Debtor. Ms. Gillespie is the President and  
16 Secretary of the Debtor and Ms. Allen is the Treasurer of the Debtor. Both Ms. Allen and Ms.  
17 Gillespie provide management to the Debtor. Ms. Gillespie handles the bulk of the printing  
18 oversight and Ms. Allen handles the bulk of the financial oversight. Ms. Allen and Ms. Gillespie  
19 each draw a salary of \$183,000 per year, and receive employee benefits including health  
20 insurance and retirement benefits pursuant to the Debtor's employee benefits plans. During the  
21 course of the Plan, Debtor anticipates that Ms. Allen and Ms. Gillespie will continue to receive  
22 their salary and benefits as set forth herein. While Debtor does not project increases in Ms.  
23 Allen or Ms. Gillespie's salary, increases in salary and benefits may be implemented but only if  
24 consistent with Debtor's payment obligations under the Plan.  
25  
26  
27  
28



1           **C. Events Leading to the Chapter 11 Filing.**

2           Debtor's business relies heavily on political printing and mailing. Thus, the business is  
3 somewhat cyclical. Debtor generates profits during (even numbered) election years which  
4 sustain the printing operations through odd numbered years. Thus, in 2014, the gross revenue for  
5 the Debtor was approximately \$7,960,000 and Debtor's net income was approximately  
6 \$450,000. However, in 2015, the gross revenue of the Debtor declined to \$5,219,000, which is  
7 approximately 64% of 2014 gross income, and net income was -\$280,000 (income reported on  
8 an accrual basis). In addition, prior to the filing the Debtor suffered under a prior general  
9 manager. Prices were set at levels which did not maximize profits. During that time, Debtor's  
10 line of credit with Bank of Nevada was extended to the maximum of its availability (\$300,000).  
11

12           Post-petition, Debtor has re-established profitability under the careful oversight of Ms.  
13 Gillespie. While business has been good in 2016, Debtor benefitted from the confluence of a  
14 major four year presidential election cycle, as well as a hotly contested Senate and Congressional  
15 election races. Debtor's net income (calculated on an accrual basis) was approximately  
16 \$540,000 in 2016. It should be noted that such numbers are not the equivalent of cash flow,  
17 which does not include depreciation or amortization but does include loan payments.  
18

19           Debtor has experienced positive cash flow since the filing of the Petition. As reflected by  
20 Debtor's April, 2016 Monthly Operating Report [Dkt. 90] Debtor's beginning cash balance in  
21 April of 2016 was \$67,433. As of December 21, 2016, Debtor's cash balance had increased to  
22 \$1,173,528, reflecting 9 month net positive cash flow of approximately \$1,106,000. See  
23 December, 2016 Monthly Operating Report [Dkt. #289]. From January 1, 2017 through March  
24 31, 2017, Debtor's cash position went from \$1,173,528 to \$1,254,382, demonstrating positive  
25 three-month cash flow (despite being an odd numbered year) of \$80,854.  
26  
27  
28

1 In addition, Debtor has been the subject of litigation captioned *Ronni Council v. Gillespie*  
2 *Office and Systems Furniture, LLC*, case no. A-14696265-C filed in the Eighth Judicial District  
3 Court, Clark County, Nevada on February 18, 2014 (the “Council Litigation”). The claims  
4 raised in the Council Litigation involve alleged defamation associated with a mailer sent to  
5 approximately 115 people in Las Vegas. Ms. Council asserts that the mailing was defamatory,  
6 causing losses to her as well as to two of her companies, Organized Karma, LLC and Alchemy,  
7 LLC. While the action was originally brought against Ms. Allen and Ms. Gillespie as well as  
8 against the Debtor, (“Defendants”) the court granted summary judgment in favor of Ms. Allen.  
9 Trial occurred in November of 2016. Council was unable to produce a single witness to testify  
10 that they had received the postcard, read the postcard, or failed to hire Ms. Counsel or her  
11 companies as a result of the postcard. Nonetheless, the jury returned a verdict in favor of the  
12 plaintiffs, awarding approximately \$3.2 million in general damages against Debtor and Ms.  
13 Gillespie, jointly and severally, and also awarding \$500,000 in punitive damages against the  
14 Debtor. Debtor is appealing the decision.

17 Debtor’s insurers, Ohio Security Insurance Company and Ohio Casualty Insurance  
18 Company (together, “Ohio Insurance”), have paid defense costs relative to the Council  
19 Litigation. On March 23, 2016, Ohio Insurance filed suit against Defendants in the United States  
20 District Court for the District of Nevada (“U.S. District Court”), styled *Ohio Security Insurance*  
21 *Company, et al. v. Gillespie, et al.*, Case No. 2:16-cv-00632-JCM-NJK (“Coverage Action”).  
22 By the Coverage Action, Ohio Security seeks, among other relief, (i) a judicial declaration that  
23 Ohio Security owes no duty to defend Defendants in the Underlying Action; (ii) reimbursement  
24 for attorneys’ fees and costs paid by Ohio Insurance to Defendants in the Underlying Action; (iii)  
25 a judicial declaration that Ohio Security owes no duty to indemnify Defendants in the  
26 Underlying Action; (iv) a judicial declaration that attorneys’ fees and costs awarded to the  
27  
28

1 Underlying Plaintiffs in the Underlying Action are excluded under the Policies; and (v) a judicial  
2 determination that punitive damages are not covered by the Policies. That action has been stayed  
3 during the course of Debtor's bankruptcy; however, the stay expired on May 3, 2017. Debtor  
4 has been in the process of negotiation a settlement with Ohio Security and is optimistic that a  
5 settlement will be forthcoming in the very near future. Once agreeable terms have been  
6 negotiated, Debtor will promptly file its 9019 motion to seek Court approval of the proposed  
7 settlement agreement. To the extent the dispute is not settled and Ohio Security prevails in  
8 the Coverage Action, any allowed claim of Ohio Security shall be treated in Class 2 of the Plan  
9 (as described below).  
10

11 **D. Significant Events During the Bankruptcy.**

12 On April 11, 2016 (the "Petition Date"), the Debtor filed its voluntary petition for relief  
13 under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court, District of  
14 Nevada (the "Bankruptcy Court"), thereby commencing its bankruptcy case (the "Chapter 11  
15 Case"). The Debtor is authorized to operate its business and property as debtor in possession  
16 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No official committees have  
17 been established in this Chapter 11 Case.  
18

19 On April 14, the Debtor filed its emergency motions requesting various types of  
20 immediate relief. The Court granted Debtor's request to Designate Katheen L. Gillespie as the  
21 responsible individual to act on behalf of the Debtor pursuant to Fed.R.Bankr.P. 9001(5) on  
22 April 19, 2016 [Dkt. #45].  
23

24 Debtor filed its schedules and statements on April 25, 2016 [Dkt. #36] and attended its  
25 §341 Meeting of Creditors which was held and concluded on June 23, 2016. Debtor filed  
26 amended schedules and statements on February 22, 2017.  
27  
28

1           The Court granted in part Debtor's Emergency Motion for Order Authorizing Debtor to  
2 Pay Insider Compensation for the Prepetition Period (the "Compensation Motion") via order  
3 entered on May 25, 2015 [Dkt. #78]. The Court approved the payment of pre-petition salaries of  
4 Kathleen L. Gillespie and Barbara L. Allen but held that to the extent the Compensation Motion  
5 sought approval for payment of post-petition salaries in the ordinary course on the basis that the  
6 Compensation Motion was unnecessary in that regard.  
7

8           The Court granted the plaintiff's motion for relief from stay to proceed with trial in the  
9 litigation styled *Ronni Council et. al. v. Gillespie Office and Systems Furniture, LLC, et. al.*,  
10 Case No. A-14-696265-C pending in the Eighth Judicial District Court. See Order entered on  
11 May 31, 2016 [Dkt. #83].  
12

13           On April 27, 2016, the Debtor and its secured lender, Bank of Nevada, a division of  
14 Western Alliance Bank ("Secured Lender" or "Bank of Nevada"), entered into a stipulation  
15 ("Stipulation") [ECF No. 43] allowing the Debtor to continue to use its cash collateral. As  
16 additional adequate protection, Debtor agreed to: (1) timely make all payments on the First  
17 Loan (a revolving line of credit) and the Second Loan (an equipment loan) on or before the date  
18 such payments are due under the First Loan and Second Loan; (2) continue paying monthly rent  
19 to Positive Space pursuant to 11 U.S.C. 365(d)(3) in an amount that will enable Positive Space  
20 to make the regularly scheduled payment on the Positive Space Loan; and (3) commencing May  
21 2016, pay to Secured Lender an additional amount each month of not less than \$10,000 on or  
22 before the 25th day of the month, which Secured Lender shall apply to the First Loan. If the  
23 Debtor's net monthly income as set forth in the Monthly Budget Reporting from the prior  
24 month exceeds \$62,000, the \$10,000 monthly payment shall be increased from \$10,000 to  
25 \$15,000. An order approving the Stipulation was entered on April 29, 2016. Debtor and Bank  
26 of Nevada agreed to extend the terms of their cash collateral stipulation through December 31,  
27  
28

1 2016. [See Dkt. #107.] Via the cash collateral payments, Debtor has fully paid the equipment  
2 loan. Debtor and Bank of Nevada agreed to extend the stipulation through March 31, 2017 [Dkt.  
3 #253], and it is anticipated that this agreement will be extended through the Effective Date of  
4 Debtor's Plan.

5 Debtor's original reorganization counsel was Larson & Zirzow, LLC. The total fees  
6 awarded and paid to that firm were \$42,812.50. Debtor requested the substitution of the law firm  
7 of Morris, Polich & Purdy, LLP ("MPP") in place of Larson & Zirzow [Dkt. #98]. The Court  
8 approved the Application to Employ MPP [Dkt. #155] as well as Applications to employ Kung  
9 & Brown [Dkt. #182], Holland & Hart, LLP [Dkt. #171 and 194], Levy Law, LLC [Dkt. #181],  
10 and Serl, Keefer, Welter, CPAS, LLP [Dkt. #178]. Debtor's professionals have requested and  
11 received interim compensation as approved by the Bankruptcy Court during the pendency of the  
12 bankruptcy case.  
13

14  
15 During the bankruptcy, Debtor moved for and obtained approval for the assumption of  
16 the following executory contracts:

- 17 1. Debtor's lease on its premises located at 2908 S. Highland Drive, Building 18, Suites  
18 A, B, C and D, Las Vegas, NV. The Landlord is Positive Space, Inc. ("Positive  
19 Space"), which is owned by Barbara Allen (an officer and 50% owner of the Debtor).  
20 Debtor pays rent of \$15,250 per month. Although the lease extension dated  
21 November 7, 2007, called for increases on an annual basis, the rent has not been  
22 increased since the original extension. The ten year lease will expire on November  
23 30, 2017, and Debtor plans to renew the lease for an additional ten-year term.
- 24 2. Debtor's lease for additional storage at the premises located at 2900 S. Highland  
25 Drive, Unit 20D, Las Vegas, NV. The landlord is Planet Properties LLC. That lease  
26 expired according to its own terms on October 31, 2016 and accordingly is not treated  
27 in the Plan.
- 28 3. Debtor's vehicle lease for a truck and vans with Green Dreams, Inc. Debtor pays  
\$2,500 per month to lease 4 vehicles: a 2004 Ford Econoline Van; a 2000 Chevy T-  
Series Box Truck; a 2001 Ford Econoline E-350 Van, and a 2008 Chevy Express  
Van. Green Dreams is also owned by Barbara Allen.
4. Debtor's union contract with CWA/Printing Publishing and Media Workers Sector  
14922, Las Vegas Typographical 933.



1 See Debtor's Motion For An Order Approving Assumption Of Executory Contracts [Dkt.  
2 #173] and Order [Dkt. #199].

3 Debtor entered into a stipulation with Ohio Casualty which was filed on February 14,  
4 2017 [Dkt. #298], which provides for relief from the Automatic Stay to be effective at a later  
5 date, likely to be mid-May of 2017.

#### 7 IV. SUMMARY OF THE PLAN

##### 8 A. Unclassified Claims

9 Certain types of claims are automatically entitled to specific treatment under the Code.  
10 They are not considered impaired, and holders of such claims do not vote on the Plan. Such  
11 holders may, however, object if, in their view, their treatment under the Plan does not comply  
12 with that required by the Code. The following are the unclassified claims treated in the Plan:

##### 13 1. Administrative Expenses.

14 Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case  
15 which are allowed under § 507(a)(2) of the Code. The Code requires that all administrative  
16 expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a  
17 different treatment. The following chart lists the Debtor's estimated administrative expenses, and  
18 sets forth the proposed treatment of those claims under the Plan:  
19

20 Claimant	21 Amount Owed as of December 31, 2017 <sup>1</sup>	22 Estimated Total Amount Which Will be Owed at Confirmation <sup>2</sup>
23 Morris, Polich & Purdy, Reorganization Counsel	\$46,436.38	\$192,000
24 Kung & Brown, special litigation	\$27,135.00 <sup>3</sup>	\$25,000

25  
26 <sup>1</sup> Excludes amounts awarded by the Court on the First Interim Fee Applications, which has been  
27 paid.

28 <sup>2</sup> These numbers are only estimates from the professionals; the actual figures may be less or  
more than estimated and may not reflect the Debtor's estimates that amounts are or may be payable.



1	counsel		
2	Levy Law, LLC, special general counsel	\$34,362.00 <sup>4</sup>	\$10,000
3	Serl, Keefer, Welter, CPAS, LLP	0	\$5,000
4	Office of the US Trustee	\$9,750 <sup>5</sup>	\$12,500
5	Paul M. Healey	\$5,000 <sup>6</sup>	\$5,500
6	Holland & Hart/Liberty (est.)		\$150,000
7	Total:	\$122,683.38	\$400,000

8 In addition, legal services have been rendered by Holland & Hart, which are currently  
9 being reimbursed by the Debtor's insurer.

10 Finally, Debtor pays its post-petition obligations as they are incurred. At any given point,  
11 there are accrued liabilities for regular operating expenses of the Debtor, which Debtor will  
12 continue to pay in the ordinary course.

### 13 2. Priority Tax Claims.

14 Priority claims are claims specified as having priority under § 507(a) of the Code. While  
15 Debtor had employment taxes accrued as of the Petition Date, these were paid following Court  
16 approval for payment of pre-petition payroll and related expenses. The IRS filed a proof of  
17 claim in the amount of \$23,568.82 (claim #1) which it amended to accurately reflect \$0 due.  
18 Debtor knows of no remaining priority claims. However if any priority claims are allowed  
19 Debtor shall pay such claims in 19 equal quarterly payments commencing 90 days after the  
20 Effective Date. Any priority tax Claims will bear interest at the legally applicable rate. Non Tax  
21 priority claims shall not receive interest. Debtor reserves the right to prepay any portion of the  
22 priority claim(s).  
23  
24  
25

26 <sup>3</sup> An additional \$2,475 included in the First Interim Fee Application was not awarded due to  
27 redactions in the invoices. Applicant reserves the right to include a request for payment of this  
28 amount in connection with a later or final fee application. See Order, Dkt. 285.

<sup>4</sup> Fees and expenses through January 17, 2017.

<sup>5</sup> Estimated 4<sup>th</sup> quarter 2016.

<sup>6</sup> Amount of requested retainer.

1           **B. Executory Contracts**

2           **1. Previously Assumed Contracts.**

3           As discussed above, Debtor has assumed Executory Contracts with Positive Space, Inc.  
4 (business premises); Green Dreams, Inc. (vehicle leases); and CWA/Printing Publishing and  
5 Media Workers Sector 14922, Las Vegas Typographical 933 (the "Union Contract"). Debtor  
6 will continue to make monthly payments on these contracts throughout the life of the Plan.  
7 Debtor anticipates renewing its contracts with Positive Space, Inc. and Green Dreams, Inc.,  
8 which may be subject to annual increases commencing January 1, 2018 not to exceed the annual  
9 consumer price index.  
10

11           While the Union Contract expires on December 31, 2017, Debtor is required to negotiate  
12 in good faith for the extension of that contract, and the Union Contract generally provides that, if  
13 a new agreement is not reached by that date, the terms of the Union Contract will remain in  
14 effect pending a new contract. With regard to the Union Contracts, in addition to wages and  
15 benefits, Debtor is obligated with respect to ongoing pension liability. While Debtor maintains  
16 its union contract, this liability is paid as a part of Debtor's payroll. However, if the union  
17 contract ceased, CWA estimates that the resulting annual unfunded pension liability would be  
18 approximately \$62,312 for approximately ten years.  
19

20           **2. Other Executory Contracts to be Assumed Through the Plan.**

21           Debtor is current on all payments under the executory contracts to be assumed through  
22 the Plan. The Plan calls for assumption of the following executory contracts:  
23

- 24           • Non-compete agreements with employees and former employees (generally calls  
25 for 1 year non-compete within the state of Nevada and 2 years confidentiality  
26 from time of termination).  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

- Contract with Midnight Printing, Inc. Midnight Printing was purchased by A & B Printing & Mailing from Elissa Cadish (whose late husband had operated the business) on May 2, 2014. The contract calls for payment of a diminishing percentage of the Debtor's sales derived from customers of Midnight Printing over a six year period.
- Contract with Time Printing. Time printing was purchased on March 31, 2015. In addition to a cash purchase price, the Debtor pays a percentage of sales derived from business acquired from Time Printing. Such payments will terminate in March of 2018, at which time the contract will be fully performed.
- Ricoh Lease #1023898-3147737. A five (5) year lease on a Ricoh C901 color digital printing press and cart was executed on 2/19/2104. The contract is a 48-monthly lease and service for \$2,688.19, plus monthly click charges based on usage. The contract expires on 2/19/2018. It should be noted that Wells Fargo Vendor Financial Services ("WFVFS") has filed a claim in asserting "Post-Petition/Rejection Damages" of \$62,522.77 with respect to this lease. Debtor believes that this number was derived from the number of payments due at the Petition Date plus an estimated value of the equipment. However, as Debtor is current on such payments and assuming the lease, Debtor intends to object to the WFVFS claim if it is not withdrawn.
- Ricoh Lease #1023898-2703321. Debtor completed payments in full under the lease, including payoff of the acquisition prince for the equipment (Kodak DM EX126 SN X4x04078 and Ricoh AF2060 SN C30077542/K6846000376) on June 3, 2016. While WFVFS has filed a "priority claim" asserting a post-petition

1 payment obligation of \$2,046.55, Debtor has completed all payments under this  
2 contract, and intends to object to the WFVFS claim if it is not withdrawn.

3 **3. Executory Contracts to be Rejected through the Plan.**

4 Debtor is unaware of any other executory contracts; however, any such contracts will be  
5 rejected, and the resulting damages treated as unsecured claims to the extent allowed in  
6 accordance with the Bankruptcy Code.  
7

8 **C. Secured Claims**

9 **1. Class 1 Bank of Nevada Secured Claim.** Bank of Nevada's secured claim under  
10 Note # 1209345302 has been reduced from the amount of \$300,869.81 as of the Petition Date to  
11 \$176,223 (exclusive of legal fees) due as of February 28, 2017. Debtor continues to reduce the  
12 principal amount due via its monthly cash collateral payments. Bank of Nevada estimates that  
13 legal fees through confirmation will be approximately \$30,000; however, this is only an estimate.  
14 The claim bears interest at a variable rate described as 3 month LIBOR plus 4.5%, with a floor of  
15 5%, resulting in a current interest rate of 5.1858%. Pursuant to the prepetition terms of the Note,  
16 as last modified on August 31, 2015, the debt matured on August 21, 2016. The Plan provides  
17 for the interest rate to remain the same, with the Debtor to make fully amortizing payments over  
18 two years from the Effective Date, in equal monthly installments due on or before the 23<sup>rd</sup> of  
19 each month. Debtor anticipates that the monthly payments will be approximately \$7,500 per  
20 month.  
21  
22

23 In addition, Debtor is the guarantor of a loan made to Positive Space, Debtor's landlord.  
24 Positive Space is current on its monthly payments under that loan. While Debtor believes that  
25 Positive Space will continue to perform its obligations, and that the value of the real property  
26 securing the Positive Space loan is in excess of the amount due on that loan, nothing in the Plan  
27  
28

1 shall affect or impair the rights of the Bank pursuant to Debtor's guaranty, nor affect or impair  
2 the obligations of Positive Space.

3 **D. Unsecured Claims**

4 **1. Class 2 General Unsecured Claims.** Class 2 consists of unsecured claims, other  
5 than those described below as belonging in Class 3 or Class 4. Such claims are in the estimated  
6 amount of approximately \$215,000-\$385,000, exclusive of contingent claims. Debtor will pay  
7 100% of the principal amount of such claims, without interest, via annual payments in a  
8 minimum amount of 10%, with the first payment due within thirty days of the later of the  
9 Effective Date of the Plan or, if such claim is contingent or disputed, the date upon which such  
10 claim is finally allowed.

11  
12 **2. Class 3 Administrative Convenience Claims.** Class 3 consists of creditors holding  
13 claims in an amount not exceeding \$10,000, or creditors electing to reduce their claims to  
14 \$10,000. Debtor will pay 90% of Class 3 claims within thirty days of the Effective Date. Debtor  
15 estimates the amount of Class 3 claims to be approximately \$38,000.

16  
17 **3. Class 4 Council Claims.** The Class 4 claims are the claims of Ronni Council,  
18 Organized Karma, LLC, and Alchemy, LLC<sup>7</sup>. Debtor disputes these claims, and will object to  
19 them. The amount of the Council Claims calculated pursuant to the judgment in the Council  
20 Litigation (including interest to the Petition Date) is \$3,736,263, consisting of \$320,000 in actual  
21 damages in favor of Ronnie Counsel awarded jointly and severally against Kathy Gillespie and  
22 Debtor, interest of \$36,263.07 on that amount; additional damages of \$1,920,000 awarded in  
23 favor of Organized Karma, LLC against Kathy Gillespie and Debtor; \$960,000 awarded in favor  
24 of Alchemy LLC jointly and several against Debtor and Kathy Gillespie; and \$500,000 in  
25 punitive damages awarded in favor of Ms. Council and against the Debtor. Debtor and Ms.  
26  
27

28  

---

<sup>7</sup> Debtor believes that the entity name is actually Alchemy Associates, LLC.



1 Gillespie are appealing the judgment. Debtor shall pay 100% of the principal amount of such  
2 claims (including interest to the Petition Date, but not post-petition interest) awarded via final  
3 judgment (and less any amounts collected from Ms. Gillespie on amounts for which Debtor is  
4 jointly and severally liable) via annual payments in a minimum amount of 10%, with the first  
5 payment due within thirty days of the entry of a final order (following exhaustion of all appeals)  
6 of the applicable state court determining the amount due.  
7

8 **E. Equity Interests**

9 Prepetition equity interests will be cancelled and receive no distribution. On the  
10 Effective Date, Debtor will issue 100% new stock to Barbara Allen or her nominee in exchange  
11 for a payment of \$50,000.  
12

13 **V. MEANS FOR EFFECTUATION OF THE PLAN**

14 Debtor will fund the payments due under the Plan from cash on hand, the proceeds of the  
15 sale of stock, and profits from continued operations. Postpetition, the Debtor will continue to  
16 employ Ms. Gillespie as its President and Ms. Gillespie will continue to manage the business  
17 operations of the Debtor, and Ms. Allen will continue to act as the Treasurer of the Debtor and  
18 continue to manage the financial operations of the Debtor. Debtor anticipates that Ms. Gillespie  
19 and Ms. Allen will continue to receive their current salary and benefits. Ms. Gillespie and Ms.  
20 Allen will serve as the sole officers and directors of the Debtor.  
21

22 **VI. TAX CONSEQUENCES OF PLAN**

23 Debtor is a “pass-through” entity for federal tax purposes, and does not expect to directly  
24 experience tax consequences as a result of confirmation. However, in the event that Debtor’s  
25 shareholder(s) experience significant Federal Income Tax liability as a result of Debtor’s  
26 operations, Debtor may pay additional compensation to its shareholder(s) in order to satisfy such  
27  
28



1 obligations. Debtor does not currently believe that such distributions will be necessary during  
2 the life of the Plan.

3 Although Debtor does not believe that creditors will have significant tax consequences as  
4 a result of the Plan (other than recognition of income from payments made pursuant to the Plan),  
5 creditors should consult their own tax professionals with regard to any tax effects.  
6

## 7 **VII. CONFIRMATION REQUIREMENTS AND PROCEDURES**

8 To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the  
9 Code. These include the requirements that: the Plan must be proposed in good faith; at least one  
10 impaired class of claims must accept the plan, without counting votes of insiders; the Plan must  
11 distribute to each creditor and equity interest holder at least as much as the creditor or equity  
12 interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest  
13 holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the  
14 only requirements listed in § 1129, and they are not the only requirements for confirmation.  
15

### 16 **A. Who May Vote or Object**

17 Any party in interest may object to the confirmation of the Plan if the party believes that the  
18 requirements for confirmation are not met. Many parties in interest, however, are not entitled to  
19 vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or  
20 against the Plan only if that creditor or equity interest holder has a claim or equity interest that is  
21 both (1) allowed or allowed for voting purposes and (2) impaired. In this case, the Plan  
22 Proponent believes that all classes are impaired and that holders of claims in each of these  
23 classes are therefore entitled to vote to accept or reject the Plan.  
24

### 25 **B. What Is an Allowed Claim or an Allowed Equity Interest?**

26 Only a creditor or equity interest holder with an allowed claim or an allowed equity interest  
27 has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the  
28

1 Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled  
2 as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity  
3 interest, unless an objection has been filed to such proof of claim or equity interest. When a  
4 claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or  
5 equity interest cannot vote unless the Court, after notice and hearing, either overrules the  
6 objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of  
7 the Federal Rules of Bankruptcy Procedure. The deadline for filing a proof of claim (the "Bar  
8 Date") in this case was 8/17/16 (10/11/16 for governmental units). Claims which were not either  
9 (1) scheduled as undisputed, non-contingent and liquidated; or (2) filed by the Bar Date are not  
10 allowed claims, are not entitled to vote, and do not receive any distribution under the Plan.  
11

### 12 **C. What Is an Impaired Claim or Impaired Equity Interest?**

13  
14 As noted above, the holder of an allowed claim or equity interest has the right to vote only if  
15 it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is  
16 considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of  
17 that class.

### 18 **D. Votes Necessary to Confirm the Plan**

19 The Court cannot confirm the Plan unless (1) at least one impaired class of creditors has  
20 accepted the Plan without counting the votes of any insiders within that class, and (2) all  
21 impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by a  
22 cramdown on non-accepting classes, as discussed below. A class of claims accepts the Plan if  
23 both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in  
24 the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds  
25 (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the  
26  
27  
28

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

3 **E. Cramdown**

4 Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the  
5 Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A  
6 plan that binds nonaccepting classes is commonly referred to as a cramdown plan. The Code  
7 allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the  
8 requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the  
9 Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that  
10 has not voted to accept the Plan. You should consult your own attorney if a cramdown at  
11 confirmation will affect your claim or equity interest, as the variations on this general rule are  
12 numerous and complex.  
13

14 **F. Liquidation Analysis**

15 To confirm the Plan, the Court must find that all creditors and equity interest holders who do  
16 not accept the Plan will receive at least as much under the Plan as such claim and equity interest  
17 holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this  
18 Disclosure Statement as Exhibit 2.  
19

20 **G. Feasibility**

21 The Court must find that confirmation of the Plan is not likely to be followed by the  
22 liquidation, or the need for further financial reorganization, of the Debtor or any successor to the  
23 Debtor, unless such liquidation or reorganization is proposed in the Plan.  
24

25 **1. Ability to Initially Fund Plan.**

26 The Debtor will have enough cash on hand on the Effective Date of the Plan to pay all  
27 the claims and expenses that are entitled to be paid on that date. Tables showing the amount of  
28

1 cash on hand on the effective date of the Plan, and the sources of that cash are attached to this  
2 disclosure statement as Exhibit 3.

3 **2. Ability to Make Future Plan Payments And Operate Without Further**  
4 **Reorganization.**

5 The Plan Proponent must also show that it will have enough cash over the life of the Plan  
6 to make the required Plan payments. The Plan Proponent has provided projected cash flow  
7 information. Those projections are listed in Exhibit 4. You should consult with your accountant  
8 or other financial advisor if you have any questions pertaining to these projections. Debtor's  
9 financial consultant has prepared historical income/expense and cash flow information, which is  
10 attached as Exhibit 5.

11  
12 **VIII. EFFECT OF CONFIRMATION OF PLAN**

13 **A. Binding Effect.**

14 From and after the Confirmation Date, the Plan will be binding and inure to the benefit of the  
15 Debtor, all present and former holders of Claims and the Membership Interest, and their  
16 respective assigns, including the Reorganized Debtor.

17 **B. Vesting of Assets.**

18 Upon the Effective Date, pursuant to Bankruptcy Code § 1141(b) and (c), except to the  
19 extent such property is not to be retained by the Debtor, all property of the Estate will vest in the  
20 Reorganized Debtor free and clear of all Claims, Liens, encumbrances, charges, and other  
21 interests, except as otherwise provided in the Plan or in the Confirmation Order. From and after  
22 the Effective Date, the Reorganized Debtor may operate its business and may use, acquire, and  
23 dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and  
24 in all respects as if there were no pending case under any chapter or provision of the Bankruptcy  
25 Code, except as provided herein. Without limiting the foregoing, pursuant to Bankruptcy Code  
26  
27  
28

1 §1123(b)(3), except for any Causes of Action expressly waived by the Debtor pursuant to the  
2 terms of the Plan, the Reorganized Debtor will retain and will have the exclusive right, in its  
3 discretion, to enforce, not enforce, or compromise against any Person any and all Causes of  
4 Action of the Debtor. The resolution of such Causes Action not resolved as of the Confirmation  
5 Date will be the responsibility of the Reorganized Debtor's management. Debtor reserves the  
6 right to bring any claims or causes of action, whether or not discussed in the Plan or Disclosure  
7 Statement, and whether or not currently known to Debtor.  
8

9 **C. Discharge of Debtor.**

10 Upon the Effective Date and in consideration of the rights afforded in the Plan and the  
11 payments and distributions to be made thereunder, except as otherwise provided herein or in the  
12 Confirmation Order, each holder (as well as any trustees and agents on behalf of each holder) of  
13 a Claim or Equity Interest and any affiliate of such holder will be deemed to have forever  
14 waived, released, and discharged the Debtor, to the fullest extent permitted by Bankruptcy Code  
15 § 1141, of and from any and all Claims, the Membership Interest, Causes of Action, rights, and  
16 liabilities that arose prior to the Effective Date of any kind, nature, or description whatsoever,  
17 including any accrued interest, fees, or other charges, in exchange for the treatment afforded to  
18 such Claims under the Plan, and each such holder will be deemed to have granted, and will grant  
19 to the Debtor the waiver, release and discharge described in the Plan. Except as otherwise  
20 provided in the Plan, upon the Effective Date, all such holders of Claims and Equity Interests and  
21 their affiliates will be forever precluded and enjoined, pursuant to Bankruptcy Code §§ 105, 524,  
22 and 1141, from prosecuting or asserting any such discharged Claim against or terminated  
23 Membership Interest in the Debtor or the Reorganized Debtor, or against any of their Assets or  
24 property, based upon any act or omission, transaction, or other activity of any kind or nature that  
25 occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim or  
26  
27  
28



1 proof of Interest.

2 **D. Injunction.**

3 Except as otherwise expressly provided in the Plan or the Confirmation Order, as of the  
4 Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have  
5 held, hold or may hold Claims against or Interests in the Debtor, along with their respective  
6 present or former employees, agents, officers, directors, or principals, are permanently enjoined,  
7 with respect to any such Claims or Interests, as of the Confirmation Date, but subject to the  
8 occurrence of the Effective Date, from (a) commencing, conducting or continuing in any manner,  
9 directly or indirectly, any suit, action or other proceeding of any kind (including, without  
10 limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or  
11 affecting the Debtor, the Estate, or the Reorganized Debtor or any of their property, or any direct  
12 or indirect transferee of any property of, or direct or indirect successor in interest to, any of the  
13 foregoing Persons or any property of any such transferee or successor; (b) enforcing, levying,  
14 attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise  
15 recovering by any manner or means, whether directly or indirectly, any judgment, award, decree  
16 or order against the Debtor, the Estate, or the Reorganized Debtor or any of their property, or any  
17 direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of  
18 the foregoing Persons, or any property of any such transferee or successor; (c) creating,  
19 perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any  
20 kind against the Debtor, the Estate, or the Reorganized Debtor or any of their property, or any  
21 direct or indirect transferee of any property of, or successor in interest to, any of the foregoing  
22 Persons; (d) acting or proceeding in any manner, in any place whatsoever, that does not conform  
23 to or comply with the provisions of the Plan to the full extent permitted by applicable law; (e)  
24 taking any actions to interfere with the implementation or consummation of the Plan and (f)  
25  
26  
27  
28



1 commencing or continuing, in any manner or in any place, any action that does not comply with  
2 or is inconsistent with the provisions of the Plan, such as commencing or continuing in any  
3 manner any action or other proceeding of any kind with respect to any Claims and Causes of  
4 Action which are extinguished or released pursuant to the Plan; provided, however, that nothing  
5 contained herein will preclude such Persons from exercising their rights pursuant to and  
6 consistent with the terms of the Plan.  
7

8 **E. Exculpation and Limitation of Liability.**

9 None of the Debtor, the Reorganized Debtor, or any of their respective current or former  
10 members, shareholders, officers, directors, managers, employees, advisors, professionals,  
11 affiliates, or agents of any of the foregoing (including any attorneys, financial advisors,  
12 investment bankers and other professionals retained by such persons, but solely in their  
13 capacities as such) will have or incur any liability for any act or omission in connection with,  
14 related to, or arising out of, without limitation, the Reorganization Case, the negotiation and  
15 execution of the Plan, the Disclosure Statement, the solicitation of votes for and the pursuit of  
16 confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the  
17 property to be distributed under the Plan, including, without limitation, all documents ancillary  
18 thereto, all decisions, actions, inactions and alleged negligence or misconduct relating thereto  
19 and all activities leading to the promulgation and confirmation of the Plan, except willful  
20 misconduct, fraud, knowing misrepresentation, or gross negligence as determined by a Final  
21 Order of the Bankruptcy Court. This provision applies to conduct occurring during the  
22 bankruptcy case. The foregoing parties will be entitled to rely upon the advice of counsel with  
23 respect to their duties and responsibilities under the Plan.  
24  
25

26 **F. Injunction Related to Releases, Exculpation and Interference with Plan.**

27 The Confirmation Order will permanently enjoin the commencement or prosecution by  
28

1 any Person or entity, whether directly, derivatively or otherwise, of any Claims, obligations,  
2 suits, judgments, damages, demands, debts, rights, Causes of Action or liabilities released  
3 pursuant to the Plan. Such Persons will also be enjoined from taking any action to interfere with  
4 the Plan or the implementation of the Plan.

5 **G. Retention of Jurisdiction**

6 The Court shall retain jurisdiction of this Chapter 11 case until this Plan has been fully  
7 consummated, for the limited purposes of:

8 1. The Allowance or Classification of Claims, including the reexamination of Claims  
9 which have been allowed for the purposes of voting, and the determination of such objections as  
10 may be filed to Creditors' Claims. The failure by the Debtor to object to or examine any claim  
11 for the purpose of voting shall not be deemed to be a waiver of the Debtor's right to object to or  
12 reexamine the Claim in whole or in part.

13 2. The allowance of compensation or other administrative expenses.

14 3. To hear and determine Claims concerning state, local, and federal taxes pursuant to  
15 Sections 346, 505, 525, and 1146 of the Bankruptcy Code.

16 4. To hear and determine all actions and proceedings that relate to pre-confirmation  
17 matters brought by the Debtor whether such action or proceeding is brought before or after the  
18 Effective Date.

19 5. The determination of any issues relating to the assumption or rejection of executory  
20 contracts and unexpired leases including the assumption or rejection of executory contracts or  
21 unexpired leases not expressly dealt with herein.

22 6. The correction of any defects, the curing of any omission, or the reconciliation of  
23 any inconsistency of this Plan or in the Confirmation Order as may be necessary to carry out the  
24 purposes and intent of this Plan.

1           7. The modification of this Plan after Confirmation pursuant to the Bankruptcy Rules  
2 and Title 11 of the United States Code.

3           8. The interpretation of the terms of this Plan.

4           9. The entry of any order, including injunctions, necessary to enforce title, rights and  
5 powers of the Debtor and to impose such limitations, restrictions, terms and conditions of such  
6 title, rights and powers as this Court may deem necessary including, without limitation, any right  
7 of the Debtor to recover assets pursuant to any of the relevant provisions of the Bankruptcy  
8 Code.

9           10. The determination of the validity, extent and priority of all liens and security  
10 interests against property of the Debtor's Chapter 11 estate.

11           11. To hear and determine such matters and make such orders as are consistent with the  
12 Plan as may be necessary or desirable to carry out the provisions thereof and to adjudicate any  
13 disputes arising under or relating to any order entered by the Court in this proceeding.

14           12. Enforcement of any rights of the Debtor arising out of bankruptcy laws or the Plan,  
15 including the imposition of such orders (including sanctions) as are appropriate for any violation  
16 of the Automatic Stay or the Discharge Injunction.

17           13. The entry of an order concluding and terminating this Chapter 11 case.

18  
19  
20           **H. Final Decree**

21           Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of  
22 Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the  
23 Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the  
24 case. Alternatively, the Court may enter such a final decree on its own motion. It is the Debtor's  
25 intention to request entry of a Final Decree at the earliest date following commencement of  
26 payments under the Plan that the Debtor believes that no further Court oversight is needed.  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**IX. RISK FACTORS**

Debtor's cash flow projections are based on historical operations, estimates prepared by the Debtor in consultation with its financial consultant, Paul Healey, and the assumption that Debtor will continue to generate greater sales in political election years. Future events, including economic downturns, changes in technology, market factors, and acts of God may impact the ability of the Debtor to achieve the cash flow anticipated.

///

**X. THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN**

Debtor presents its Plan as a means of returning value to all of its creditors. While liquidation of the Debtor would likely result in diminished return to creditors, Debtor believes that through continued operations it will be able to make the substantial payments required by the Plan, and urges all creditors to vote "yes" to confirm the Plan.

Respectfully submitted this 8<sup>th</sup> day of May, 2017.

DEBTOR, GILLESPIE OFFICE AND SYSTEMS FURNITURE, INC.

MORRIS, POLICH & PURDY, LLP, COUNSEL FOR THE DEBTOR

Candace C. Carlyon, Esq.

Exhibit 1

1 MORRIS, POLICH & PURDY, LLP  
 Candace C. Carlyon, Esq.  
 2 Nev. Bar No. 2666  
 Matthew R. Carlyon, Esq.  
 3 Nevada Bar No. 12712  
 3800 Howard Hughes Parkway, Suite 500  
 4 Las Vegas, NV 89169  
 5 (702) 862-8300  
 ccarlyon@mpplaw.com  
 6 Macarlyon@mpplaw.com  
 7 *Counsel for the Debtor*

8 UNITED STATES BANKRUPTCY COURT  
 9 DISTRICT OF NEVADA

10			
11	In Re	)	CASE NO. BK-S-16-11943-abl
		)	Chapter 11 Proceeding
12	GILLESPIE OFFICE AND SYSTEMS	)	
	FURNITURE, INC.	)	
13		)	Date: July 10, 2017
14	Debtor and	)	
	Debtor in possession	)	Time: 9:30 a.m.
15		)	

16 **DEBTOR'S AMENDED CHAPTER 11 PLAN OF REORGANIZATION**

17

18

19

20

21

22

23

24

25

26

27

28



**Contents**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

ARTICLE I INTRODUCTION.....2

ARTICLE II DEFINITIONS.....3

ARTICLE III TREATMENT OF UNCLASSIFIED CLAIMS.....9

ARTICLE IV CLASSIFICATION OF CLAIMS AND INTERESTS.....10

ARTICLE V UNIMPAIRED/IMPAIRED CLAIMS.....10

ARTICLE VI TREATMENT OF IMPAIRED CLASSES .....10

ARTICLE VII MEANS OF EXECUTION.....11

ARTICLE VIII REQUEST FOR FINDING OF FAIR AND EQUITABLE TREATMENT OF  
IMPAIRED CLASSES .....12

ARTICLE IX CONDITIONS PRECEDENT TO EFFECTIVE DATE .....12

ARTICLE X DISALLOWANCE OF CLAIMS/RETENTION OF PROPERTY .....12

ARTICLE XI DESIGNATION OF REORGANIZED DEBTOR AS REPRESENTATIVES OF  
ESTATE.....14

ARTICLE XII MODIFICATION OF PLAN.....15

ARTICLE XIII EXECUTORY CONTRACTS .....15

ARTICLE XIV EFFECT OF CONFIRMATION OF PLAN .....17

ARTICLE XV RETENTION OF JURISDICTION.....21

ARTICLE XVI TREATMENT OF DISPUTED CLAIMS .....23

ARTICLE XVII POST-PETITION REPORTING .....24

**ARTICLE I**

**INTRODUCTION**

Debtor, Gillespie Office and Systems Furniture, Inc. d/b/a A&B Printing, a Nevada corporation (hereinafter “Debtor”), hereby proposes its Chapter 11 Plan of Reorganization (the “Plan”) for the resolution of the claims of its creditors. Reference is made to the Debtor’s Disclosure Statement to Accompany Debtor’s Chapter 11 Plan of Reorganization (the “Disclosure

1 Statement”) for a discussion of the Debtor’s history, business, property and financial information  
2 and for a summary of the Plan and related matters.

3 All holders of claims are encouraged to read this Plan and the accompanying Disclosure  
4 Statement in their entirety before voting to accept or reject this Plan. No materials, other than the  
5 Disclosure Statement and the Exhibits attached thereto and referenced therein, have been approved  
6 by the United States Bankruptcy Court for the District of Nevada for use in soliciting acceptances  
7 or rejections of this Plan.  
8

9 **ARTICLE II**

10 **DEFINITIONS**

11 The definitions contained in the Bankruptcy Code are incorporated herein. Whether or not  
12 inconsistent with the definitions contained in the Bankruptcy Code, the following terms used herein  
13 shall have the following meanings:  
14

15 2.1 Administrative Claim: A Claim for costs and expenses of administration allowed under  
16 Section 503(b) of the Bankruptcy Code and referred to in Section 507(a)(1) of the Bankruptcy  
17 Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after  
18 the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages,  
19 salaries or commissions for services); (b) compensation for legal, financial advisory, accounting  
20 and other services and reimbursement of expenses awarded or allowed under Sections 330(a) or  
21 331 of the Bankruptcy Code; and (c) all fees and charges assessed against the Estate under 28  
22 U.S.C. § 1930.  
23

24 2.2 Allowed Claim: A Claim against the Debtor to the extent that the Claim was scheduled  
25 in the most recent Schedules filed with the Bankruptcy Court and not listed as disputed, contingent  
26 or unliquidated as to amount; or a proof of claim was timely filed, no objections to the proof of  
27 claim are pending, and the Claim is not a Disputed Claim pursuant to Section 2.28 herein.  
28

1           2.3 Allowed Priority Claim: An Allowed Claim entitled to priority pursuant to Sections  
2 507(a)(3), (4) or (6) of the Bankruptcy Code.

3           2.4 Allowed Secured Claim: An Allowed Claim secured by a lien, security interest or other  
4 charge against the property in which the estate has an interest, or which is subject to set-off under  
5 Section 553 of the Bankruptcy Code, to the extent of the value, determined in accordance with  
6 Section 506(a) of the Bankruptcy Code, of the interest of the holder of such secured Claim in the  
7 estate's interest in such property, or to the extent of the amount subject to any set-off, as the case  
8 may be. An allowed Secured Claim may include post-petition interest if permitted under Section  
9 506(b) of the Code.  
10

11           2.5 Allowed Tax Claim: An Allowed Unsecured Claim that is entitled to priority pursuant  
12 to Section 507(a)(8) of the Code.  
13

14           2.6 Approval Date: The date on which an order approving the Debtor's Disclosure  
15 Statement, or an amended version thereof, is entered by the Clerk of the Bankruptcy Court on the  
16 Court's docket.

17           2.7 Avoidance Action: Any adversary proceeding brought to seek the recovery of money  
18 or property on account of transactions avoidable under Sections 544, 547, 548, 549 or 550 of the  
19 Bankruptcy Code.  
20

21           2.8 Bank of Nevada: Bank of Nevada, a division of Western Alliance Bank, its successors  
22 and assigns.

23           2.9 Bankruptcy Code or Code: Title 11 of The United States Code, as now in effect or  
24 hereafter amended. All citations in the Plan or Disclosure Statement to section numbers are to the  
25 Code unless otherwise expressly indicated.  
26

27           2.10 Bankruptcy Court or Court: The United States Bankruptcy Court for the District of  
28 Nevada, or such successor court or tribunal as may hereafter be confirmed or created by lawful

1 authority with power to confirm reorganization plans under Chapter 11, Title 11 of the United  
2 States Code, and all other applicable statutes, rules and regulations.

3 2.11 Bankruptcy Rules or Rules: The Federal Rules of Bankruptcy Procedure and the  
4 Local Bankruptcy Rules for the District of Nevada, as now in effect or hereafter amended.

5 2.12 Bar Date: The last day for filing proofs of claim with the Bankruptcy Court, which  
6 was September 17, 2016 for creditors except for governmental units and October 11, 2016 for  
7 governmental units.  
8

9 2.13 Business Day: Any day, other than a Saturday, Sunday or legal holiday as defined in  
10 Bankruptcy Rule 9006(a).

11 2.14 Case: The within Chapter 11 proceeding, known as In re Gillespie Office and  
12 Systems Furniture, Inc., Case No. BK-S-16-11943-abl, pending before the United States  
13 Bankruptcy Court, District of Nevada.  
14

15 2.15 Claim: Any right to payment, whether or not such right is reduced to judgment,  
16 liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal,  
17 equitable, secured or unsecured; or, a right to an equitable remedy for breach of performance if  
18 such breach gives rise to a right to payment, whether or not such right is an equitable remedy or is  
19 reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed,  
20 undisputed, secured or unsecured.  
21

22 2.16 Claimants or Creditors: Persons or entities holding Allowed Claims.

23 2.17 Class: A category of holders of Claims which are substantially similar to other Claims  
24 and into which Allowed Claims and Allowed Secured Claims are grouped and classified pursuant  
25 to Article IV of the Plan. The Classes provided for in the Plan are the following:  
26

27 A) Class 1: Secured Claim of Bank of Nevada  
28

1 B) Class 2: General Unsecured Claims (Unsecured Claims other than Class 3 or  
2 Class 4 Claims).

3 C) Class 3: Administrative Convenience Class, consisting of Claimants holding  
4 Unsecured Claims of \$10,000 or less, or who elect to reduce their claims to \$10,000, and  
5 who do not elect treatment as Class 2 creditors.

6 D) Class 4: the Council Claims

7 E) Class 5: All equity interests of the shareholders of Debtor.

8  
9 2.19 Confirmation: The entry by the Clerk of the Bankruptcy court on the Court's docket  
10 of the Confirmation Order.

11 2.20 Confirmation Date: The date on which the Clerk of the Bankruptcy Court enters the  
12 Confirmation Order on the Court docket.

13 2.21 Confirmation Order: The order entered by the Clerk of the Bankruptcy court  
14 confirming the Plan.

15 2.22 Creditor: Any person or entity holding an Allowed Claim or Claims against the  
16 Debtor.

17 2.23 Council Claim: All Claims of Ronnie Council, Organized Karma, LLC, and  
18 Alchemy, LLC. as determined at the final conclusion of the Council Litigation.

19 2.24 Council Litigation: The case identified as *Ronni Council et. al. v. Gillespie Office and*  
20 *Systems Furniture, LLC, et. al.*, Case No. A-14-696265-C pending in the Eighth Judicial District  
21 Court, including all current or future appeals and related proceedings.

22 2.25 Debtor: Gillespie Office and Systems Furniture, Inc. d/b/a A&B Printing.

23 2.26 Debtor-in-Possession: The Debtor, when acting in its capacity as representatives of  
24 the Estate in this Chapter 11 proceeding.  
25  
26  
27  
28



1           2.27 Disclosure Statement: The Disclosure Statement accompanying this Plan which was  
2 prepared by the Debtor as required by Section 1125 of the Bankruptcy Code and approved by an  
3 order of the Bankruptcy Court.

4           2.28 Disputed Claim: A Claim as to which a proof of claim has been Filed or deemed  
5 Filed under applicable law, as to which (1) an objection has been or may be timely Filed, and which  
6 objection, if timely Filed, has not been withdrawn on or before any date fixed for filing such  
7 objections by the Plan or by Order of the Bankruptcy Court and has not been overruled or denied by  
8 a Final Order; or (2) litigation (including any appeal) is pending, in which case the Claim shall be a  
9 Disputed Claim until such time as a Final Order is entered determining the amount of such Claim.  
10

11           2.29 Effective Date: Except as otherwise ordered by the Court, the Effective Date of the  
12 Plan shall be the first day of the first month at least fifteen calendar days after the Confirmation  
13 Date, unless said date falls upon a Saturday, Sunday or holiday, in which case the Effective Date  
14 shall be the next business day, provided that the Conditions set forth in Section IX have been  
15 satisfied or waived.  
16

17           2.30 Estate: The estate created in this Chapter 11 Case for the Debtor under section 541 of  
18 the Bankruptcy Code.

19           2.31 Filed or on File: A pleading filed with the Clerk of the Bankruptcy Court, District of  
20 Nevada, in this Chapter 11 Case.  
21

22           2.32 Final Order: An order or judgment of the Bankruptcy Court, or other court of  
23 competent jurisdiction, as entered on the docket in the Case, which has not been reversed, stayed,  
24 modified or amended, and as to which (a) the time to appeal or seek certiorari has expired and no  
25 appeal or petition for certiorari has been timely filed, or (b) any appeal that has been or may be  
26 taken or any petition for certiorari that has been or may be filed has been resolved by the highest  
27 court to which the order or judgment was appealed or from this certiorari was sought.  
28

1           2.33 Liquidation Value: The liquidation value of the non-exempt assets in the Debtor's  
2 estate as reflected in the Liquidation Analysis filed as Exhibit 2 to the Disclosure Statement.

3           2.34 Order: An order or judgment of the Bankruptcy Court as entered by the Clerk of the  
4 Court on the docket in this Case.

5           2.35 Person: Any natural person, corporation, general partnership, limited partnership,  
6 association, joint stock company, joint venture, estate, trust, government or any political  
7 subdivision thereof, governmental unit (as defined in the Bankruptcy Code), official committee  
8 appointed by the United States Trustee, or other legal entity.

9  
10           2.36 Petition Date: April 11, 2016, which is the date that the Debtor filed its Chapter 11  
11 petition.

12           2.37 Plan: The Chapter 11 Plan of Reorganization proposed by the Debtor in this Case,  
13 and all exhibits, schedules, releases, and other attachment annexed thereto, as the same may be  
14 amended, modified or supplemented from time to time in accordance with the Code.

15  
16           2.38 Post-Petition: Occurring after the Petition Date.

17           2.39 Priority Claim: An Allowed Claim, other than a Priority Tax Claim, entitled to  
18 priority under section 507(a) of the Bankruptcy Code.

19  
20           2.40 Priority Tax Claim: An Allowed Claim entitled to priority under section 507(a)(8) of  
21 the Bankruptcy Code.

22           2.41 Reorganized Debtor: The Debtor following the Effective Date.

23           2.42 Scheduled: Set forth on the Schedules of Asset and Liabilities on file with the Clerk  
24 of the Bankruptcy Court, including any filed Amendments to the Debtor's bankruptcy petitions.

25           2.43 Schedules of Assets and Liabilities: The Schedules of Assets and Liabilities filed by  
26 the Debtor with the Clerk of the Bankruptcy Court, as the same have been or may be amended from  
27 time to time prior to the Effective Date of the Plan.  
28

1           2.44 Secured Claim: Any Claim that is secured by a lien on property in which the Estate  
2 has an interest or that is subject to setoff under Section 553 of the Bankruptcy Code.

3           2.45 Secured Creditor: The holder of an Allowed Secured Claim in this Case.

4           2.46 Unclassified Claims: The Allowed Amount of: (a) all administrative expenses of the  
5 Debtor's Chapter 11 Case, allowed pursuant to Section 503(b) of the Bankruptcy Code, and (b) all  
6 Allowed, Unsecured Claims entitled to priority pursuant to Section 507(a)(1),(3),(4) and (6) of the  
7 Bankruptcy Code for wages, salaries, vacation, severance, sick pay or commissions.

8           2.47 Unsecured Claims: the Allowed Amounts of those Claims against the Debtor for  
9 which there are no assets of the Debtor serving as security, but not including any priority Claims.

10          2.48 Unsecured Creditors: Creditors holding Allowed, Unsecured Claims against the  
11 Debtor for which there are no assets of the Debtor serving as security, but not including Priority  
12 Deposit Claims or Priority Tax Claims.  
13  
14

### 15   ARTICLE III

#### 16   TREATMENT OF UNCLASSIFIED CLAIMS

17          3.1 Administrative Claims. Unless the holder of a particular claim agrees otherwise, all  
18 Allowed Administrative Claims, including U.S. Trustee fees, shall be paid in full, in cash, on the  
19 Effective Date, or as soon thereafter as such Administrative Claims have been allowed by Final  
20 Order of the Court or become due. U.S. Trustee fees which become due post-confirmation will be  
21 timely paid.  
22

23          3.2 Priority Tax Claims. Debtor knows of no remaining Priority Tax Claims. However, if  
24 any Priority Claims are allowed they will be paid in full in 19 equal quarterly payments,  
25 commencing 90 days following the Effective Date, with interest at the legally applicable rate.  
26  
27  
28

1 3.3 Other Priority Claims. Debtor knows of no Priority Claims. Any Priority Claims which  
2 are not Priority Tax Claims shall be paid in full, without interest, in 19 equal quarterly payments  
3 commencing 90 days after the Effective Date.

4 **ARTICLE IV**

5 **CLASSIFICATION OF CLAIMS AND INTERESTS**

6  
7 4.1 For purposes of satisfying Debtor's obligations created under the Plan, the Claims of  
8 the Creditors and Interest Holders of the Debtor have been classified as follows:

9 A) Class 1: The Secured Claim of Bank of Nevada.

10 B) Class 2: General Unsecured Claims, consisting of all Unsecured Claims other than Class  
11 3 or Class 4 Claims.

12 C) Class 3: Administrative Convenience Claims, consisting of General Unsecured Claims  
13 in the amount of \$10,000 or less, or Claims which are voluntarily reduced to \$10,000. However,  
14 any holder of a Class 3 Claim may elect to be treated instead in Class 2. Such election shall be  
15 noted on the ballot cast with regard to Confirmation of the Plan.

16  
17 D) Class 4: The Council Claims.

18 E) Class 5: The equity interests in the Debtor.

19  
20 **ARTICLE V**

21 **UNIMPAIRED/IMPAIRED CLAIMS**

22 5.1 The holders of Class 1-5 Claims are impaired under the Plan.

23 **ARTICLE VI**

24 **TREATMENT OF IMPAIRED CLASSES**

25 6.1 Class 1: The Class 1 Secured Claim shall be paid in 24 equal monthly installments  
26 of principal and interest (interest rate 3 month LIBOR plus 4.5%, currently 5.1858%). The amount  
27 of the Class 1 Secured Claim shall be \$176,223, less any principal reduction after February 6, 2017,  
28

1 plus any allowed attorneys' fees. The Plan shall not modify Debtor's guaranty of Bank of Nevada's  
2 secured loan to Positive Space, Inc.

3 6.2 Class 2: Debtor will pay 100% of the principal amount of Class 2 Claims, without  
4 post-petition interest, via annual payments in a minimum amount of 10%, with the first payment  
5 due within thirty days following the later of the Effective Date of the Plan or, if such Claim is  
6 Disputed, the date upon which such Claim is finally Allowed.

7  
8 6.3 Class 3: Debtor will make one payment of 90% of the amount of each Class 3 Claim  
9 within thirty days following the Effective Date.

10 6.4 Class 4: Debtor shall pay 100% of the principal amount of Class 4 Claims (including  
11 interest to the Petition Date, but not post-petition interest) awarded via final judgment (and less any  
12 amounts collected from Ms. Gillespie on amounts for which Debtor is jointly and severally liable)  
13 via annual payments in a minimum amount of 10%, with the first payment due within thirty days of  
14 the entry of a Final Order in the Council Litigation determining the amount of the Council Claims.

15  
16 6.5 Class 5: Holders of Equity Interests will surrender their stock, and will receive \$1  
17 following completion of all plan payments to Class 1-5 Creditors. Holders of Class 5 Claims may  
18 elect to waive such payment.

19  
20 **ARTICLE VII**

21 **MEANS OF EXECUTION**

22 Debtor shall continue to operate its business generally in the manner such business has been  
23 operated by the Debtor, without supervision of the Bankruptcy Court. Payments due under the Plan  
24 shall be funded through any of the following means: (1) post-petition income; (2) cash on hand;  
25 (3) sale of equity interests in the Debtor; and/or (4) additional borrowing. From and after the  
26 Effective Date, Debtor shall have full and absolute authority to pursue any or a combination of such  
27 options, and to otherwise deal with its property and enter into contracts, in its sole and absolute  
28



1 discretion, as permitted by applicable non-bankruptcy law. Debtor shall have the right, but not the  
2 obligation, to pre-pay or accelerate any amounts due under the Plan, if the Debtor in good faith  
3 believes that sufficient funds exist to make such payments and maintain appropriate reserves for  
4 operations. Notwithstanding the foregoing, insider compensation shall be in accordance with the  
5 terms of the Disclosure Statement. Debtor reserves the right to bring any claims or causes of  
6 action, whether or not discussed in the Plan or Disclosure Statement, and whether or not currently  
7 known to Debtor.  
8

9 **ARTICLE VIII**

10 **REQUEST FOR FINDING OF FAIR AND EQUITABLE**

11 **TREATMENT OF IMPAIRED CLASSES**

12 Pursuant to Section 1129(b) of the Bankruptcy Code, the Debtor, as the proponent of this  
13 Chapter 11 Plan, hereby requests that this Court find that the provisions of this Plan provide fair  
14 and equitable treatment to those Claimants who are impaired under the Plan and who elect not to  
15 accept the Plan, and that this Court confirm the Plan (“cramdown”) notwithstanding the  
16 requirement of Section 1129(a)(8) of the Bankruptcy Code as to such Claimants.  
17

18 **ARTICLE IX**

19 **CONDITIONS PRECEDENT TO EFFECTIVE DATE**

20 Entry of a Final Confirmation Order in form and substance acceptable to the Debtor is a  
21 condition precedent to the Effective Date. This Condition may be waived by the Debtor.  
22

23 **ARTICLE X**

24 **DISALLOWANCE OF CLAIMS/RETENTION OF PROPERTY**

25 10.1 Notwithstanding anything to the contrary herein, no creditors’ attorney’s fees or other  
26 “professional” fees (as the term “professional” is defined in 11 U.S.C. § 327), default interest, late  
27 penalties or any similar charges claimed before the Effective Date shall be compensable by the  
28

1 Debtor, or out of property of the Estate, nor shall the same constitute part of an Allowed Claim: (1)  
2 except as permitted by 11 USC § 506 (a), and (2) unless and until the Creditor seeking to recover  
3 such fees and charges from the Debtor, or the Estate, has had such fees and charges approved by the  
4 Bankruptcy Court as “reasonable”, or otherwise properly payable by the Debtor or the Estate. Such  
5 approval must be made through a motion for the recovery of same, made on no less than thirty (30)  
6 days’ written notice to the Debtor, its attorneys, and the Office of the United States Trustee. ANY  
7 SUCH MOTION MUST BE MADE WITHIN THIRTY DAYS AFTER THE CONFIRMATION  
8 DATE, OR THE ITEMS DESCRIBED IN THIS SECTION 10.1 SHALL BE FOREVER  
9 DISCHARGED.  
10

11 10.2 Notwithstanding anything contained herein, the Reorganized Debtor shall have the  
12 right to request the Court to disallow any Claim of any Person from which property is recoverable  
13 under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer  
14 avoidable under section 544, 545, 547, 548, or 549 of the Bankruptcy Code unless such Person or  
15 transferee has paid the amount, or turned over any such property for which such Person or  
16 transferee is liable.  
17

18 10.3 Except as otherwise specifically provided herein, the Reorganized Debtor shall retain  
19 all property of the estate including all litigation claims of any nature whatsoever, whether or not  
20 discussed in the Disclosure Statement, and whether or not known to the Debtor, including any  
21 rights under avoidance actions, all of which shall become property of the Reorganized Debtor.  
22

23 10.4 All Claims objections and motions for allowance of Claims shall be filed within three  
24 (3) months after the Effective Date, unless any interested party obtains an extension of this deadline  
25 through a noticed motion.  
26

27 10.5 Any payment(s) called for under the Plan which includes (a) checks issued by the  
28 Reorganized Debtor which have been returned as undeliverable without a forwarding address, or

1 (b) checks issued by the Reorganized Debtor which were not mailed or delivered because of the  
2 absence of a proper address with which to mail or deliver same, shall be deposited by the  
3 Reorganized Debtor into an unclaimed property reserve to be held in trust for the benefit of the  
4 holders of such Allowed Claims entitled thereto under the terms of the Plan. For a period of two  
5 (2) years following the Effective Date, such unclaimed property shall be held in the unclaimed  
6 property reserve for the benefit of the holders of Allowed Claims which have failed to claim such  
7 property. Prior to the expiration of two (2) years following the Effective Date, such unclaimed  
8 property due the holder of an Allowed Claim shall be released from the unclaimed property reserve  
9 and delivered to such holder upon presentation of proper proof by such holder of its entitlement  
10 thereto. At the end of the second year following the Effective Date, the holders of Allowed Claims  
11 theretofore entitled to the unclaimed property shall cease to be entitled thereto and all funds in the  
12 unclaimed property reserve shall become property of the Reorganized Debtor.

13  
14  
15 10.6 Debtor shall not be required to issue any interim payment in an amount that is less  
16 than \$25. Any balance of less than \$25 otherwise due under this Plan shall be aggregated until the  
17 amount to be paid on the claim equals at least \$25, or until the final payment is due on the Claim,  
18 whichever is earlier.

19  
20 **ARTICLE XI**

21 **DESIGNATION OF REORGANIZED DEBTOR**

22 **AS REPRESENTATIVES OF ESTATE**

23 11.1 Pursuant to Section 1123(b)(3)(B) of the Code, the Reorganized Debtor, through its  
24 President, is hereby designated as the representative of the Estate of the Debtor.

25 ///

26 ///

27 ///

**ARTICLE XII**

**MODIFICATION OF PLAN**

1  
2  
3 12.1 The Debtor may propose amendments or modifications to this Plan at any time prior  
4 to confirmation or at the confirmation hearing, without leave of the Court, upon proper notice.  
5 After confirmation, the Debtor may, with the approval of the Court, and so long as it does not  
6 materially or adversely affect the interest of creditors, remedy any defect or omission, or reconcile  
7 any inconsistencies in the Plan, or the order of confirmation, in such manner as may be necessary  
8 to carry out the purposes of this Plan. Debtor anticipates that confirmation litigation will include  
9 challenges to the fairness of certain terms of the treatment of the Claims of Creditors; in the event  
10 the Court finds that the proposed treatment of those Creditors is not fair and equitable or otherwise  
11 renders the Plan unconfirmable, but that a modified treatment would be fair and equitable or  
12 otherwise render the Plan confirmable, Debtor may elect to modify the Plan to incorporate such  
13 different terms without additional notice or solicitation, so long as distributions to other creditors  
14 are not negatively impacted.  
15  
16

**ARTICLE XIII**

**EXECUTORY CONTRACTS**

17  
18  
19 13.1 The following Executory Contracts have been previously assumed, which  
20 assumption shall not be affected by Confirmation:  
21

- 22 1. Lease of 2908 S. Highland Drive. Lessor is Positive Space, Inc. Payments  
23 are current.
- 24 2. Vehicle lease. Lessor is Green Dreams, Inc. Payments are current.
- 25 3. Debtor's union contract with CWA/Printing Publishing and Media Workers  
26 Section 14922 and Las Vegas Typographical 933.  
27  
28

1           13.2 Debtor shall, upon the Effective Date, assume the following Executory Contracts,  
2 provided that the cure payments shall not exceed the amounts set forth below:

3           1. Non-compete agreements with employees and former employees. No cure payments  
4 due.

5           2. Contract with Midnight Printing, Inc. No cure payments due.

6           3. Contract with Time Printing. No cure payments due.

7           4. Ricoh Lease #1023898-3147737. Debtor is current on monthly payments, which  
8 terminate on February 19, 2018. No cure payments due.

9           5. Ricoh Lease #1023898-2703321. Debtor completed payments in full under the  
10 lease, including payoff of the acquisition price for the equipment (Kodak DM EX126 SN  
11 X4x04078 and Ricoh AF2060 SN C30077542/K6846000376) on June 3, 2016. The property is  
12 now owned by the Debtor, and no cure payments are due.  
13  
14

15           13.3 Holders of Executory Contracts who dispute the amounts necessary to cure any  
16 existing defaults under their respective Executory Contracts must object to the proposed cure  
17 amounts no later than the date set by the Court for objections to Confirmation, and the Debtor will  
18 request that the Court determine any disputed cure amounts no later than at the time of the hearing  
19 on Confirmation. If the cure amount is determined by the Court to be greater than the amount set  
20 forth in Section 13.2 of this Plan, the Debtor may elect to reject the Executory Contract or may  
21 elect to pay the cure amount determined by the Bankruptcy Court and assume the Executory  
22 Contract. Such election may be filed prior to, or announced at, the Confirmation Hearing.  
23

24           13.4 Except as otherwise provided in the Plan or as otherwise ordered by the Court, all  
25 prepetition unexpired leases or Executory Contracts shall be deemed rejected by the Reorganized  
26 Debtor as of the Effective Date. Unless otherwise set forth in the Confirmation Order, the deadline  
27 for filing claims under Fed.R.Bankr.P. 3002(c)(4) shall be thirty days after the Confirmation Date.  
28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**ARTICLE XIV**

**EFFECT OF CONFIRMATION OF PLAN**

**14.1 Binding Effect.**

From and after the Confirmation Date, the Plan will be binding and inure to the benefit of the Debtor, all present and former holders of Claims and the Membership Interest, and their respective assigns, including the Reorganized Debtor.

**14.2 Vesting of Assets.**

Upon the Effective Date, pursuant to Bankruptcy Code § 1141(b) and (c), except to the extent such property is not to be retained by the Debtor, all property of the Estate will vest in the Reorganized Debtor free and clear of all Claims, Liens, encumbrances, charges, and other interests, except as otherwise provided in the Plan or in the Confirmation Order. From and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code, except as provided herein. Without limiting the foregoing, pursuant to Bankruptcy Code §1123(b)(3), except for any Causes of Action expressly waived by the Debtor pursuant to the terms of the Plan, the Reorganized Debtor will retain and will have the exclusive right, in its discretion, to enforce, not enforce, or compromise against any Person any and all Causes of Action of the Debtor. The resolution of such Causes Action not resolved as of the Confirmation Date will be the responsibility of the Reorganized Debtor's management. Debtor reserves the right to bring any claims or causes of action, whether or not discussed in the Plan or Disclosure Statement, and whether or not currently known to Debtor.

**14.3 Discharge of Debtor.**

Upon the Effective Date and in consideration of the rights afforded in the Plan and the

1 payments and distributions to be made thereunder, except as otherwise provided herein or in the  
2 Confirmation Order, each holder (as well as any trustees and agents on behalf of each holder) of a  
3 Claim or Equity Interest and any affiliate of such holder will be deemed to have forever waived,  
4 released, and discharged the Debtor, to the fullest extent permitted by Bankruptcy Code § 1141, of  
5 and from any and all Claims, Membership Interests, Causes of Action, rights, and liabilities that  
6 arose prior to the Effective Date of any kind, nature, or description whatsoever, including any  
7 accrued interest, fees, or other charges, in exchange for the treatment afforded to such Claims under  
8 the Plan, and each such holder will be deemed to have granted, and will grant to the Debtor the  
9 waiver, release and discharge described in the Plan. Except as otherwise provided in the Plan, upon  
10 the Effective Date, all such holders of Claims and Equity Interests and their affiliates will be  
11 forever precluded and enjoined, pursuant to Bankruptcy Code §§ 105, 524, and 1141, from  
12 prosecuting or asserting any such discharged Claim against or terminated Membership Interest in  
13 the Debtor or the Reorganized Debtor, or against any of their Assets or property, based upon any  
14 act or omission, transaction, or other activity of any kind or nature that occurred prior to the  
15 Effective Date, whether or not such holder has filed a Proof of Claim or proof of Interest.

#### 18 **14.4 Injunction.**

19 Except as otherwise expressly provided in the Plan or the Confirmation Order, as of the  
20 Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held,  
21 hold or may hold Claims against or Interests in the Debtor, along with their respective present or  
22 former employees, agents, officers, directors, or principals, are permanently enjoined, with respect  
23 to any such Claims or Interests, as of the Confirmation Date, but subject to the occurrence of the  
24 Effective Date, from (a) commencing, conducting or continuing in any manner, directly or  
25 indirectly, any suit, action or other proceeding of any kind (including, without limitation, any  
26 proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtor, the  
27  
28

1 Estate, or the Reorganized Debtor or any of their property, or any direct or indirect transferee of any  
2 property of, or direct or indirect successor in interest to, any of the foregoing Persons or any  
3 property of any such transferee or successor; (b) enforcing, levying, attaching (including, without  
4 limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or  
5 means, whether directly or indirectly, any judgment, award, decree or order against the Debtor, the  
6 Estate, or the Reorganized Debtor or any of their property, or any direct or indirect transferee of any  
7 property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any  
8 property of any such transferee or successor; (c) creating, perfecting or otherwise enforcing in any  
9 manner, directly or indirectly, any encumbrance of any kind against the Debtor, the Estate, or the  
10 Reorganized Debtor or any of their property, or any direct or indirect transferee of any property of,  
11 or successor in interest to, any of the foregoing Persons; (d) acting or proceeding in any manner, in  
12 any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full  
13 extent permitted by applicable law; (e) taking any actions to interfere with the implementation or  
14 consummation of the Plan and (f) commencing or continuing, in any manner or in any place, any  
15 action that does not comply with or is inconsistent with the provisions of the Plan, such as  
16 commencing or continuing in any manner any action or other proceeding of any kind with respect  
17 to any Claims and Causes of Action which are extinguished or released pursuant to the Plan;  
18 provided, however, that nothing contained herein will preclude such Persons from exercising their  
19 rights pursuant to and consistent with the terms of the Plan.

#### 23 **14.5 Exculpation and Limitation of Liability.**

24 None of the Debtor, the Reorganized Debtor, or any of their respective current or former  
25 members, shareholders, officers, directors, managers, employees, advisors, professionals, affiliates,  
26 or agents of any of the foregoing (including any attorneys, financial advisors, investment bankers  
27 and other professionals retained by such persons, but solely in their capacities as such) will have or  
28

1 incur any liability for any act or omission in connection with, related to, or arising out of, without  
2 limitation, the Reorganization Case, the negotiation and execution of the Plan, the Disclosure  
3 Statement, the solicitation of votes for and the pursuit of confirmation of the Plan, the  
4 consummation of the Plan, or the administration of the Plan or the property to be distributed under  
5 the Plan, including, without limitation, all documents ancillary thereto, all decisions, actions,  
6 inactions and alleged negligence or misconduct relating thereto and all activities leading to the  
7 promulgation and confirmation of the Plan, except willful misconduct, fraud, knowing  
8 misrepresentation, or gross negligence as determined by a Final Order of the Bankruptcy Court.  
9 This provision applies to conduct occurring during the Bankruptcy Case. The foregoing parties will  
10 be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under  
11 the Plan.  
12

13  
14 **14.6 Injunction Related to Releases, Exculpation and Interference with Plan.**

15 The Confirmation Order will permanently enjoin the commencement or prosecution by any  
16 Person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits,  
17 judgments, damages, demands, debts, rights, Causes of Action or liabilities released pursuant to the  
18 Plan. Such Persons will also be enjoined from taking any action to interfere with the Plan or the  
19 implementation of the Plan.  
20

21 **14.7 Documents Modified.**

22 From and after the Confirmation Date all loan documents, trust deeds and other contracts  
23 documenting claims against the Debtor shall be deemed modified and/or superseded by the terms of  
24 the Plan. After the Confirmation Date, Claims shall be paid only in accordance with the Plan, and  
25 any effort by any Claimant to compel the Debtor to pay such Claimant more than its Allowed  
26 Claim, or to pay its Claim in any manner other than as provided for in the Plan, shall constitute a  
27 violation of the Confirmation Order and Section 1141 of the Bankruptcy Code. All claimants  
28

1 holding negotiable instruments signed by the Debtor which reflect a prepetition claim, shall cause a  
2 legend or notation to be placed conspicuously on the face of any such instrument stating that the  
3 terms of this instrument have been modified by the terms of the Plan. This legend or notation must  
4 be placed on said negotiable instruments within five (5) days of the Effective Date, and Debtor may  
5 withhold payments to the holders of any such instrument until they have proved that this action has  
6 in fact been taken.

7  
8 **14.8 Cash Collateral Stipulations Superseded.**

9 From and after the Confirmation Date, any cash collateral stipulation or order regarding the  
10 use of cash collateral then effective in this proceeding, shall be rendered null and void, and the  
11 terms of the Plan shall be controlling.

12  
13 **14.9 Authorization**

14 Pursuant to Section 1142(a) of the Bankruptcy Code, notwithstanding any other applicable  
15 non-bankruptcy law, rule or regulation relating to financial condition, the Debtor is authorized to  
16 carry out the terms of the Plan.

17  
18 **14.10 Final Decree**

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

23  
24 **ARTICLE XV**

25 **RETENTION OF JURISDICTION**

26 The Court shall retain jurisdiction of this Chapter 11 case until this Plan has been fully  
27 consummated, for the limited purposes of:  
28



1 a. The Allowance or Classification of Claims, including the reexamination of Claims  
2 which have been allowed for the purposes of voting, and the determination of such objections as  
3 may be filed to Creditors' Claims. The failure by the Debtor to object to or examine any claim for  
4 the purpose of voting shall not be deemed to be a waiver of the Debtor's right to object to or  
5 reexamine the Claim in whole or in part.

6 b. The allowance of compensation or other administrative expenses.

7  
8 c. To hear and determine Claims concerning state, local, and federal taxes pursuant to  
9 Sections 346, 505, 525, and 1146 of the Bankruptcy Code.

10 d. To hear and determine all actions and proceedings that relate to pre-confirmation  
11 matters brought by the Debtor whether such action or proceeding is brought before or after the  
12 Effective Date.

13  
14 e. The determination of any issues relating to the assumption or rejection of executory  
15 contracts and unexpired leases including the assumption or rejection of executory contracts or  
16 unexpired leases not expressly dealt with herein.

17 f. The correction of any defects, the curing of any omission, or the reconciliation of any  
18 inconsistency of this Plan or in the Confirmation Order as may be necessary to carry out the  
19 purposes and intent of this Plan.

20  
21 g. The modification of this Plan after Confirmation pursuant to the Bankruptcy Rules and  
22 Title 11 of the United States Code.

23 h. The interpretation of the terms of this Plan.

24  
25 i. The entry of any order, including injunctions, necessary to enforce title, rights and  
26 powers of the Debtor and to impose such limitations, restrictions, terms and conditions of such  
27 title, rights and powers as this Court may deem necessary including, without limitation, any right of  
28 the Debtor to recover assets pursuant to any of the relevant provisions of the Bankruptcy Code.



1 j. The determination of the validity, extent and priority of all liens and security interests  
2 against property of the Debtor's Chapter 11 estate.

3 k. To hear and determine such matters and make such orders as are consistent with the  
4 Plan as may be necessary or desirable to carry out the provisions thereof and to adjudicate any  
5 disputes arising under or relating to any order entered by the Court in this proceeding.

6  
7 l. Enforcement of any rights of the Debtor arising out of bankruptcy laws or the Plan,  
8 including the imposition of such orders (including sanctions) as are appropriate for any violation of  
9 the Automatic Stay or the Discharge Injunction.

10 m. The entry of an order concluding and terminating this Chapter 11 case.

11 **ARTICLE XVI**

12 **TREATMENT OF DISPUTED CLAIMS**

13  
14 16.1 Except as otherwise provided for in this Plan, Debtor shall set aside in a segregated  
15 account the percentage installments on payments applicable to Disputed Claims.

16 16.2 If Debtor and the Creditor holding a Disputed Claim are unable to agree on the  
17 amount to be placed in the segregated account, the Bankruptcy Court shall fix the amount, upon  
18 request of either party.

19 16.3 Upon Final Order of the Bankruptcy Court respect to the allowance or disallowance of  
20 a Disputed Claim:

21  
22 a. If any part of the Disputed Claim is finally allowed, the Debtor shall distribute to  
23 such Claimant, from the segregated account, that portion of the amount held in  
24 the segregated account to which the Claimant would have been entitled if the  
25 Claim had been allowed as of the Confirmation Date, within ten (10) days of the  
26 date of the Final Order allowing such Claim.  
27  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

- b. The balance of the funds in the segregated account attributable to the disallowed portion of the Disputed Claim shall be distributed to the Debtor.
- c. If the funds in the segregated account attributable to the previously Disputed Claim are insufficient to pay the amounts required to be paid, Debtor shall pay the balance due within thirty (30) days the entry of the Final Order allowing such Claim.
- d. After allowance, and to the extent allowed, the previously Disputed Claim shall be treated for purposes of receiving subsequent distributions (if any), as if such Claim had been allowed as of the Confirmation Date.

**ARTICLE XVII**

**POST-PETITION REPORTING**

17.1 Debtor shall file post-petition reports as required by L.R. 3020(a), with reports to be filed at least quarterly within 30 days of the prior calendar quarter, until entry of a Final Decree.

17.2 Debtor shall be eligible for a Final Decree upon (1) commencement of payments pursuant to the Confirmed Plan; and (2) entry of a Final Order of Confirmation.

DATED this 10<sup>th</sup> day of May, 2017.

GILLESPIE OFFICE AND SYSTEMS  
FURNITURE, INC., Debtor and Debtor in Possession

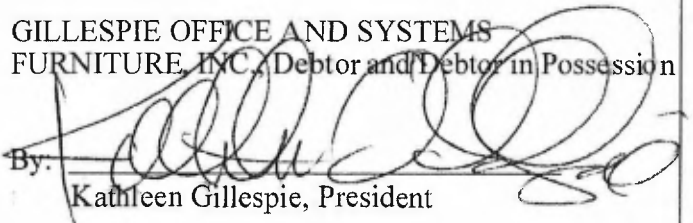
By:   
Kathleen Gillespie, President

Exhibit 2

## LIQUIDATION ANALYSIS

Current accounts receivable <sup>1</sup> :	\$250,000
Less estimated doubtful accounts/collection costs (50% <sup>2</sup> )	(\$125,000)
Personal Property (based on Watson appraisal)	\$343,000
Less estimated costs of disposal, commissions (25% <sup>3</sup> ):	(\$85,000)
Potential avoidance actions (contributions) <sup>4</sup> :	\$110,000
Less estimated uncollectibles <sup>5</sup> /collection costs (50%)	(\$55,000)
Estimated cash on hand <sup>6</sup> :	\$775,000
Estimated amount available prior to Chapter 7 expenses:	\$1,213,000
Estimated Chapter 7 costs <sup>7</sup> :	(\$408,000)
Estimated Chapter 7 professional fees:	(\$150,000)
Estimated Trustee Commission <sup>8</sup> :	(\$60,000)

<sup>1</sup> Estimate is based on December MOR. Note that this figure likely includes receivables generated in the extraordinary 2016 election cycle, and actual receivables at time of liquidation is likely to be lower.

<sup>2</sup> If Debtor is liquidated and unable to perform on work in progress and ongoing jobs, value of accounts receivable is likely to be diminished. Further, collections in chapter 7 liquidation often require legal assistance, which would result in legal fees which, in many cases, could exceed the value of individual accounts. If contingency counsel can be found, fee is likely to be as much as 40%, plus costs.

<sup>3</sup> Note that Watson appraisal predicts that some of the equipment may have marketable value only in markets outside the US. Actual costs of liquidation, if heavy machinery needs to be removed and relocated to S. America, may exceed estimate.

<sup>4</sup> Although Debtor schedules additional vendor and tax payments within 90 days of the filing, Debtor advises that, pre-petition, invoices were paid as agreed in ordinary course of business, as filing was a result of litigation claims rather than cash flow issues. Based on §547(c)(2), it is assumed that there is no net value with regard to the transfers described in SOFA item 3.

<sup>5</sup> Some of the contributions were to campaigns which no longer exist as funded entities.

<sup>6</sup> Approximately \$1,253,000 as of 12/31/16, less estimated \$78,000 net expenditures, less \$400,000 estimated professional fees.

<sup>7</sup> Estimated that Trustee will incur equivalent of 1 months' estimated expenses.

Net available to creditors:	\$595,000
Estimated secured claim (Bank of Nevada):	(\$175,000)
Estimated funds available for payment to unsecured claims:	\$420,000
Estimated unsecured claims <sup>9</sup> :	\$3,650,000
Estimated percentage recovery:	12%

---

<sup>8</sup> Calculated per §326.

<sup>9</sup> Does not include lease rejection claims; assumes Council Claims allowed per judgment, less \$500,000 punitive damages pursuant to §726(a)(4).

**Exhibit 3**

**Exhibit 3**



Debtor's Estimate of Effective Date Cash

Cash on hand 12/31/16:	\$1,076,533
Less: Anticipated net expenditures through June 1, 2017 (estimated Effective Date):	-78,000
Plus: Cash From Stock Purchase	50,000
Less: Estimated Professional Fees	<u>-400,000</u>
Estimated Approx. Cash on Hand after Effective Date Payments	\$825,000

\*Based on claims filed, subject to claims objections.

**Exhibit 4**

A B Printing 10 Year Cash Flow Forecast					A B Printing 10 Year Cash Flow Forecast						
	2017 (6 months)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
BEGINNING CASH	\$ 825,000	\$ 824,618	\$ 957,514	\$ 890,410	\$ 1,173,806	\$ 1,259,702	\$ 1,566,098	\$ 1,670,994	\$ 2,011,890	\$ 2,137,786	\$ 2,513,182
GROSS INCOME	2,630,000	6,200,000	5,260,000	6,400,000	5,300,000	6,600,000	5,450,000	6,800,000	5,600,000	7,000,000	5,750,000
OPERATING EXPENSES:											
Employee Benefits/Pension	90,000	200,000	95,000	210,000	100,000	220,000	105,000	225,000	110,000	230,000	115,000
Vehicle Lease & Expense	27,000	80,000	57,500	80,000	57,500	80,000	57,500	80,000	57,500	80,000	57,500
Materials and Supplies	815,000	1,922,000	1,630,000	1,984,000	1,643,000	2,046,000	1,690,000	2,108,000	1,736,000	2,170,000	1,782,000
Equipment Leases/Rental	25,000	74,500	46,000	74,500	46,000	74,500	46,000	74,500	46,000	74,500	46,000
Repairs & Maintenance	133,000	210,000	150,000	210,000	160,000	225,000	165,000	235,000	170,000	245,000	175,000
Insurance	30,000	70,000	55,000	70,000	55,000	70,000	55,000	70,000	55,000	70,000	55,000
Legal and Professional	85,000	65,000	40,500	41,000	41,500	42,000	42,500	43,000	43,500	44,000	44,500
Marketing (including contributions)	13,000	85,000	30,000	85,000	30,000	85,000	30,000	85,000	30,000	85,000	30,000
Misc	4,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Payroll and Bank Fees	16,000	35,000	32,000	35,000	32,000	35,000	32,000	35,000	32,000	35,000	32,000
Rent	91,500	188,500	194,000	200,000	206,000	212,000	218,000	224,500	231,000	238,000	245,000
Equipment Replacement	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Salary and Wages	920,000	2,046,000	1,973,000	2,112,000	1,855,000	2,178,000	1,907,000	2,244,000	1,960,000	2,310,000	2,013,000
Shipping and Postage	4,000	11,500	8,500	11,500	8,500	11,500	8,500	11,500	8,500	11,500	8,500
Software/IT	20,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Office and Shop Supplies	60,000	121,000	123,000	125,000	127,000	129,000	131,000	133,000	135,000	137,000	139,000
Taxes & Licenses	123,000	256,000	246,000	256,000	246,000	256,000	246,000	256,000	246,000	256,000	246,000
Telephone	12,000	19,500	23,500	19,500	23,500	19,500	23,500	19,500	23,500	19,500	23,500
Utilities	44,000	95,000	80,000	105,000	85,000	112,000	90,000	117,000	92,000	121,000	94,000
TOTAL OPERATING EXPENSES	2,512,500	5,565,000	4,870,000	5,704,500	4,802,000	5,881,500	4,933,000	6,047,000	5,062,000	6,212,500	5,192,000
NET OPERATING INCOME	117,500	635,000	390,000	695,500	498,000	718,500	517,000	753,000	538,000	787,500	558,000
PLAN PAYMENTS:											
Class 1 Bank	45,000	90,000	45,000	-	-	-	-	-	-	-	-
Class 2 General Unsecured	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	38,504	-
Class 3 Admin Convenience	34,378										
Class 4 Council	-	373,600	373,600	373,600	373,600	373,600	373,600	373,600	373,600	373,600	373,600
TOTAL PLAN PAYMENTS	117,882	502,104	457,104	412,104	412,104	412,104	412,104	412,104	412,104	412,104	373,600
TOTAL EXPENDITURES	2,630,382	6,067,104	5,327,104	6,116,604	5,214,104	6,293,604	5,345,104	6,459,104	5,474,104	6,624,604	5,565,600
CASH AT END OF PERIOD	\$ 824,618	\$ 957,514	\$ 890,410	\$ 1,173,806	\$ 1,259,702	\$ 1,566,098	\$ 1,670,994	\$ 2,011,890	\$ 2,137,786	\$ 2,513,182	\$ 2,697,582

**Exhibit 5**

GILLESPIE OFFICE AND SYSTEMS FURNITURE  
DBA A & B PRINTING

	2010	2011	2012	2013	2014	2015	2016
GROSS REVENUE	6,376,855	5,723,678	8,214,827	4,901,683	7,960,294	5,219,485	7,256,239
COST OF GOODS SOLD	<u>3,171,575</u>	<u>3,056,012</u>	<u>4,240,278</u>	<u>2,740,216</u>	<u>4,841,856</u>	<u>3,227,861</u>	<u>3,412,261</u>
GROSS PROFIT	3,205,280	2,667,666	3,974,549	2,161,467	3,118,438	1,991,624	3,843,978
ADVERTISING	51,276	30,052	40,085	53,798	72,715	16,365	70,186
AUTOMOBILE	21,281	24,048	23,466	22,426	28,380	22,773	48,218
BANK AND CREDIT CARD FEES	41,216	35,029	30,655	28,873	26,259	28,601	34,756
COMPUTER	32,706	23,756	22,092	16,587	39,008	51,787	46,938
CONTINUING EDUCATION	1,455	2,716	1,046	749	-	1,607	-
DONATIONS	2,900	5,100	40,130	35	57,300	7,900	21,666
DUES AND SUBSCRIPTIONS	11,692	5,151	8,487	2,885	2,924	2,795	4,111
EMPLOYEE BENEFIT PROGRAMS	72,510	61,743	77,595	68,110	92,583	125,368	-
INSURANCE	33,513	36,801	43,584	44,351	52,336	57,195	195,718
LEGAL AND PROFESSIONAL	26,237	21,612	26,395	53,913	28,029	111,727	719,424
MISCELLANEOUS	970	5,188	2,548	765	1,689	2,704	6,805
EMPLOYEE AND OFFICE EXPENSES	5,598	15,613	16,222	9,051	16,689	10,035	9,333
OFFICER PAYROLL	296,952	360,044	384,440	338,516	365,936	377,342	-
OUTSIDE SERVICES AND COMMISSIONS	11,524	2,233	2,349	1,066	33,402	23,592	17,236
PAYROLL FEES	909	1,897	2,198	1,673	2,017	2,222	1,911
PENSION	56,226	51,438	60,396	49,460	50,481	62,838	66,122
RENT	227,400	264,742	297,353	242,003	289,446	320,976	250,166
REPAIRS AND MAINTENANCE	121,514	170,685	296,125	126,600	174,621	143,771	199,734
SALARIES AND WAGES	756,800	774,789	984,643	527,092	518,555	489,528	946,784
SECURITY	1,210	2,314	1,380	1,552	1,703	1,586	2,296
SUBCONTRACTORS	66,268	5,000	-	-	-	-	-
SUPPLIES	62,018	40,308	102,858	99,955	112,368	77,114	122,683
TAXES AND LICENSES	191,879	197,350	279,130	199,482	262,191	211,440	269,379
TELEPHONE	14,750	14,620	14,201	13,566	19,426	20,432	20,134
TRAVEL AND ENTERTAINMENT	3,783	6,633	16,074	9,470	1,841	3,080	2,279
UTILITIES	<u>83,210</u>	<u>81,305</u>	<u>92,911</u>	<u>82,763</u>	<u>84,097</u>	<u>75,173</u>	<u>73,059</u>
TOTAL OPERATING EXPENSE	2,195,797	2,240,167	2,866,363	1,994,741	2,333,996	2,247,951	3,128,938
NET OPERATING INCOME	1,009,483	427,499	1,108,186	166,726	784,442	(256,327)	715,040
INTEREST INCOME	273	251	-	17	-	-	38
OTHER INCOME	43,829	25,543	22,989	28,994	58,587	170,980	-
DEPRECIATION AND AMORTIZATION	(422,484)	(390,733)	(398,457)	(335,638)	(349,221)	(171,049)	(157,828)
INTEREST	(103,032)	(74,239)	(75,000)	(56,950)	(44,156)	(24,501)	(17,487)
TOTAL OTHER EXPENSES	(481,414)	(439,178)	(450,468)	(363,577)	(334,790)	(24,570)	(175,277)
NET INCOME (LOSS)	528,069	(11,679)	657,718	(196,851)	449,652	(280,897)	539,763

GILLESPIE OFFICE AND SYSTEMS FURNITURE  
DBA A & B PRINTING  
CASH FLOWS

	2010	2011	2012	2013	2014	2015	2016
GROSS REVENUE	6,376,855	5,723,678	8,214,827	4,901,683	7,960,294	5,219,485	7,256,239
COST OF GOODS SOLD	<u>3,171,575</u>	<u>3,056,012</u>	<u>4,240,278</u>	<u>2,740,216</u>	<u>4,841,856</u>	<u>3,227,861</u>	<u>3,412,261</u>
GROSS PROFIT	3,205,280	2,667,666	3,974,549	2,161,467	3,118,438	1,991,624	3,843,978
ADVERTISING	51,276	30,052	40,085	53,798	72,715	16,365	70,186
AUTOMOBILE	21,281	24,048	23,466	22,426	28,380	22,773	48,218
BANK AND CREDIT CARD FEES	41,216	35,029	30,655	28,873	26,259	28,601	34,756
COMPUTER	32,706	23,756	22,092	16,587	39,008	51,787	46,938
CONTINUING EDUCATION	1,455	2,716	1,046	749	-	1,607	-
DONATIONS	2,900	5,100	40,130	35	57,300	7,900	21,666
DUES AND SUBSCRIPTIONS	11,692	5,151	8,487	2,885	2,924	2,795	4,111
EMPLOYEE BENEFIT PROGRAMS	72,510	61,743	77,595	68,110	92,583	125,368	-
INSURANCE	33,513	36,801	43,584	44,351	52,336	57,195	195,718
LEGAL AND PROFESSIONAL	26,237	21,612	26,395	53,913	28,029	111,727	719,424
MISCELLANEOUS	970	5,188	2,548	765	1,689	2,704	6,805
EMPLOYEE AND OFFICE EXPENSES	5,598	15,613	16,222	9,051	16,689	10,035	9,333
OFFICER PAYROLL	296,952	360,044	384,440	338,516	365,936	377,342	-
OUTSIDE SERVICES AND COMMISSIONS	11,524	2,233	2,349	1,066	33,402	23,592	17,236
PAYROLL FEES	909	1,897	2,198	1,673	2,017	2,222	1,911
PENSION	56,226	51,438	60,396	49,460	50,481	62,838	66,122
RENT	227,400	264,742	297,353	242,003	289,446	320,976	250,166
REPAIRS AND MAINTENANCE	121,514	170,685	296,125	126,600	174,621	143,771	199,734
SALARIES AND WAGES	756,800	774,789	984,643	527,092	518,555	489,528	946,784
SECURITY	1,210	2,314	1,380	1,552	1,703	1,586	2,296
SUBCONTRACTORS	66,268	5,000	-	-	-	-	-
SUPPLIES	62,018	40,308	102,858	99,955	112,368	77,114	122,683
TAXES AND LICENSES	191,879	197,350	279,130	199,482	262,191	211,440	269,379
TELEPHONE	14,750	14,620	14,201	13,566	19,426	20,432	20,134
TRAVEL AND ENTERTAINMENT	3,783	6,633	16,074	9,470	1,841	3,080	2,279
UTILITIES	<u>83,210</u>	<u>81,305</u>	<u>92,911</u>	<u>82,763</u>	<u>84,097</u>	<u>75,173</u>	<u>73,059</u>
TOTAL OPERATING EXPENSE	2,195,797	2,240,167	2,866,363	1,994,741	2,333,996	2,247,951	3,128,938
NET OPERATING INCOME	1,009,483	427,499	1,108,186	166,726	784,442	(256,327)	715,040
INTEREST EXPENSE	103,032	74,239	75,000	56,950	44,156	24,352	17,487
*PRINCIPLE REDUCTION	28,461	28,461	28,461	28,461	28,461	28,461	28,461
FIXED ASSET ADDITIONS	216,997	439,593	88,292	31,026	49,469	31,316	31,887
ACCRUED BANKRUPTCY EXPENSE	-	-	-	-	-	-	(769,859)
SUBTOTAL	348,490	542,293	191,753	116,437	122,086	84,129	(692,024)
CASH FLOWS	660,993	(114,794)	916,433	50,289	662,356	(340,456)	1,407,064

\* RESTATED FOR CURRENT DEBT AT 12/31/16. AMORTIZED OVER 7 YEARS (INCLUDES NEW DEBT FOR REPLACEMENT IN PROJECT CASH FLOWS).