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9 UNITED STATES BANKRUPTCY COURT

10 DISTRICT OF NEVADA

11 —ooOoo—

12 In Re:
13 CENTURY AUTO BODY, LLP,

Case No. BK-16-12210-MKN
Chapter 11

14 Debtor.

Hearing Date: TBD
Hearing Time: TBD

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18 **DEBTOR'S**
19 **DISCLOSURE STATEMENT**
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1 **1. INTRODUCTION**

2 This Disclosure Statement (hereinafter the “Disclosure Statement”) is provided to
3 creditors by the connection with the solicitation of acceptances of the Debtor’s Plan of
4 Reorganization (the “Plan”¹), filed on **October 18, 2016**, or any subsequent amended plan
5 of reorganization. The Debtor’s reorganization case is under Chapter 11 of the United States
6 Code, and was initiated on **April 22, 2016**, in the United States Bankruptcy Court for the
7 District of Nevada, as **Case No. BK-16-12210-MKN**. The Plan provides for the treatment
8 of claims of creditors and interest of the equity security holders².

9 The objective of a Chapter 11 bankruptcy case is to obtain Bankruptcy Court approval
10 of a plan of reorganization. This process is referred to as confirmation of a plan. A plan
11 describes in detail (and in language appropriate for a legal contract) the means for satisfying
12 the claims against, and equity interests in, a Debtor. After a plan has been filed, the holders
13 of such claims and equity securities that are “impaired” (a term defined in Bankruptcy Code
14 Section 1124 and discussed in detail below) are permitted to vote to accept or reject the plan.
15 Before a Debtor or other plan proponent can solicit acceptances of a plan, Bankruptcy Code
16 Section 1125 requires the Debtor or other plan proponent(s) to prepare a disclosure statement
17 containing adequate information of a kind, and in sufficient detail, to enable those parties
18 entitled to vote on the plan to make an informed judgment about the plan and whether they
19 should accept or reject the plan.

20 **1.1 Purpose of the Disclosure Statement**

21 The purpose of this Disclosure Statement is to ensure that claimants have adequate
22 information to enable each class to make an informed judgment about the Plan. The assets

24 ¹ Capitalized terms not otherwise defined herein will have the same meaning as are
25 ascribed to such terms in the Plan which is filed contemporaneously herewith.

26 ² An equity security of the Debtor as the term is defined in Section 101(16) of the
27 Bankruptcy Code includes any ownership interest in the Debtor, including membership
28 interests.

1 and liabilities of the Debtor are summarized herein. To the extent the information contained
2 in this Disclosure Statement may be inconsistent with the Debtor’s Statement of Financial
3 Affairs and Schedule of Assets and Liabilities filed on April 22, 2016 and amended on May
4 10, 2016; May 17, 2016; and May 26, 2016, or subsequent amendments thereto, this
5 Disclosure Statement shall supersede such Statements and Schedules (as may have been
6 amended).

7 This Disclosure Statement describes the business background and operating history
8 of the Debtor before the filing of the case. It also summarizes certain significant events that
9 have taken place during the case and describes the terms of the Plan, which divides creditor
10 claims and the interests of shareholders into classes and provides for the satisfaction of
11 allowed claims and interests.

12 The Court will set a time and date as the last day to file acceptances or rejections of
13 the Plan. Thereafter, a hearing on confirmation of the Plan will be held in the United States
14 Bankruptcy Court for the District of Nevada, located at the 300 S. Las Vegas, Blvd., Las
15 Vegas, Nevada, 89101. Creditors may vote on the Plan by filling out and mailing a special
16 form of ballot. The form of ballot and special instructions for voting will be forthcoming
17 upon approval of the Disclosure Statement by the Court. Creditors are urged to carefully
18 read the contents of this Disclosure Statement before making a decision to accept or reject
19 the Plan.

20 **1.2 Acceptance and Confirmation**

21 In order for the Debtor’s Plan to be confirmed, each impaired class of claims or
22 interests must accept the Plan, except as set forth below. In order for the Plan to be deemed
23 accepted, a majority in number and two-thirds in dollar amount of the claims of each class
24 of creditors impaired under the Plan of those that actually vote, must vote for acceptance of
25 the Plan. Holders of claims who fail to vote are not counted as either accepting or rejecting
26 the Plan.

27 Classes of claims that are not “impaired” under a Plan are deemed to have accepted
28 the Plan. Acceptances of the Plan are being solicited only from those persons who hold

1 claims or interests in impaired classes. A class is “impaired” if the legal, equitable or
2 contractual rights attaching to the claims or interests of that class are modified, other than by
3 curing defaults and reinstating maturities, or by payment in full in cash.

4 **1.3 Confirmation Without Acceptance By All Impaired Classes**

5 The Bankruptcy Code contains provisions for confirmation of a Plan even if the Plan
6 is not accepted by all impaired classes, as long as at least one impaired class of claims has
7 accepted the Plan. These “cram-down” provisions for confirmation of a Plan, despite the
8 non-acceptance of one or more impaired classes of claims or interest, are set forth in
9 § 1129(b) of the Bankruptcy Code.

10 If a class of unsecured claims rejects the Plan, it may still be confirmed so long as the
11 Plan provides that (i) each holder of a claim included in the rejecting class receive or retain
12 on account of that claim property which has a value, as of the Effective Date, equal to the
13 allowed amount of such claim; or that (ii) the holder of any claim or interest that is junior to
14 the claims of such class will not receive or retain on account of such junior claim or interest
15 any property at all.

16 If a class of secured claims rejects the Plan, it may still be confirmed so long as the
17 Plan provides (i) the holders of such claims retain the lien securing such claim; (ii) the
18 holders of such claims receive on account of such claims deferred cash payments totaling at
19 least the allowed amount of such claims, of a value, as of the Effective Date of the Plan, of
20 at least the value of such claimant’s interest in the estate’s interest in such property; (iii) for
21 the sale of the property in accordance with § 1129(b)(2)(A)(ii); or (iv) for the realization by
22 such claimants of the indubitable equivalent of the claim.

23 **1.4 Disclaimer**

24 No representations concerning the Debtor is authorized by the Debtor except as set
25 forth in this Disclosure Statement. Any representations or inducements made to secure your
26 acceptance or rejection of the Plan other than as contained herein have not been authorized
27 and should not be relied upon by you in making your decision, and such additional
28 representations and inducements should be reported to counsel for the Debtor, who in turn

1 should deliver such information to the Court for such action as may be deemed appropriate.
2 The information contained herein has not been subjected to a certified audit. The records
3 kept by the Debtor and other information relied on herein are dependent upon investigations
4 and accounting performed by the Debtor and others employed by the Debtor. The Debtor is
5 unable to warrant that the information contained herein is without inaccuracy, although a
6 great effort has been made to be accurate, and the Debtor believes that the information
7 contained herein is, in fact, accurate.

8 **2. INFORMATION REGARDING THE CHAPTER 11 ESTATE**

9 **2.1 History of the Debtor and Events Leading to the Filing of the Chapter 11**
10 **Case**

11 Century Auto Body, LLP (“Century Auto”) is in the sole business of providing
12 automobile body repair. In May 2016, Century Auto moved from 105 West Wyoming, Las
13 Vegas, Nevada to 1906 South Mojave, Las Vegas, Nevada. It has been in business since
14 2007. Currently is has six employees. Century Auto owns various equipment associated
15 with its business as described in section 4.2 below. The primary source of income for
16 Century Auto is income generated by providing auto body repair.

17 Due to the necessity of moving its location, and reorganizing its accounting procedure,
18 the Debtor’s business suffered, forcing significant cutbacks. However, at this point the
19 business is slowly improving.

20 **2.2 Ownership of Debtor and Its Management.**

21 The Debtor is owned 100% by Anderson Voss. The Debtor’s address is 1906 South
22 Mojave, Las Vegas, Nevada.

23 **2.3 Co-Debtors**

24 Anderson Voss is a co-obligor on all obligations tot he Internal Revenue Service and
25 the Nevada Department of Taxation.

26 **3. DEVELOPMENTS DURING THE COURSE OF THIS CHAPTER 11 CASE**

27 **3.1 Meeting of Creditors**

28 The United States Trustee conducted a meeting of creditors pursuant to 11 U.S.C.

1 § 341 on May 26, 2016. The Debtor appeared through its Managing Partner, Anderson Voss.

2 **3.2 Schedules and Statement of Affairs**

3 The Debtor filed its schedule of assets and liabilities and statement of financial affairs
 4 on April 22, 2016 and amended schedules thereafter. Those schedules and statements may
 5 be viewed online at www.nvb.uscourts.gov or may be obtained from the Bankruptcy Clerk
 6 for a fee.

7 **3.3 Monthly Operating Reports**

8 Monthly operating reports reflecting the Debtor’s ongoing financial status are filed
 9 with the United States Bankruptcy Court and can be viewed online at www.nvb.uscourts.gov.

10 **3.4 Employment of General Counsel**

11 The Debtor requested employment of Alan R. Smith, Esq., as its attorney of record
 12 and Matthew L. Johnson, Esq., as its local counsel on May 19, 2016, by filing its Application
 13 To Employ Attorney For Debtor [DE 16] in this Chapter 11 case. No objection to Mr.
 14 Smith’s application was filed with the Court. An Order Approving Application To Employ
 15 Attorney For Debtor [DE 24] was entered on June 30, 2016.

16 **3.5 Creditors Committee**

17 There has been no appointment in this case of a creditor’s committee pursuant to 11
 18 U.S.C. § 1102.

19 **3.6 Use of Cash Collateral**

20 There are no cash collateral issues in this case.

21 **4. DESCRIPTION OF ASSETS**

22 **4.1 Description of Real Property**

23 There is no real property owned by the Debtor.

24 **4.2 Description of Personal Property**

Description/Type	Estimated Value By Debtor
U.S. Bank Payroll Account	\$ 2.39

U.S. Bank General Account	\$	111.78
U.S. Bank DIP Account	\$	3,000.00
U.S. Bank Receivables	\$	666.31
Accounts Receivables	\$	70,000.00
Work In Progress	\$	6,300.00
Parts	\$	1,250.00
Office Supplies	\$	1,200.00
Office Equipment	\$	10,900.00
DEBTOR'S ESTIMATE OF VALUE	\$	93,430.48

5. DESCRIPTION OF DEBTS

5.1 Administrative Claims

(A) Attorneys' Fees/Law Offices of Alan R. Smith. The Debtor will be obligated to pay attorneys' fees and costs owed to the Law Offices of Alan R. Smith, subject to Court approval. The Debtor estimates that attorneys' fees will be incurred prior to Plan confirmation, but is unable to project the final balance owed at this time.

(B) U.S. Trustee Fees. All fees required to be paid to the United States Trustee will be paid in full upon the Effective Date of the Debtor's Plan. U.S. Trustee fees due in this case have been paid.

5.2 Priority Claims

Creditor	Nature of Lien	Est. Amount of Secured Claim
Internal Revenue Service	Notice of Levy	\$ 157,379.30
Nevada Dept. Of Taxation	Taxes/Nevada Statute	\$ 126,786.63
TOTAL SECURED CLAIMS		\$ 284,165.93

5.3 Secured Claims

The Debtor has scheduled against it the following secured claims:

Creditor	Nature of Lien	Est. Amount of Secured Claim
Snap-On Equipment c/o John W. Muije, Esq.	Purchase of Money Security Interest	\$ 6,533.85
TOTAL SECURED CLAIMS		\$ 6,533.85

5.4 Unsecured Claims

The Debtor has scheduled against it the following unsecured claims.

Creditor	Basis of Claim	Scheduled Amount of Claim	Proof of Claim Amount
#1 Transmission Shop & Auto Repair	Goods/Services	\$1,285.00	
Capital One	Goods/Services	\$45,644.38	\$44,831.53
CCC Information Service	Goods/Services	\$759.22	
City of Las Vegas	Goods/Services	\$585.64	\$1,053.66
City of Las Vegas Sewer	Goods/Services	\$48.73	
Clark County Assessor		\$1,781.49	\$1,781.49
Cox Communications	Goods/Services	\$1,090.65	
Dakota Digital	Goods/Services	\$1,428.95	
Desert Fire Protection	Goods/Services	\$333.10	
Desert Upholstery	Goods/Services	\$285.71	
DML Consulting	Goods/Services	\$400.00	
Dubowsky Law Office	Collection-Pep Boys	\$5,543.77	
Faber & Brand	Goods/Services	\$1,356.22	
Federal Express	Goods/Services	\$119.43	
First Comp Insurance	Goods/Services	\$1,436.00	
Galaxy Foam Upholstery	Goods/Services	\$398.36	
GRP Capital, LLC	Default Judgment	\$109,426.94	\$103,426.94
Heritage-Crystal Clean	Goods/Services	\$150.00	
Independent Fire Fabrication, Inc.	Rent	\$44,725.00	

Creditor	Basis of Claim	Scheduled Amount of Claim	Proof of Claim Amount
Institute For Automotive Excellence	Goods/Services	\$10,700.00	
Las Vegas Auto Paint	Goods/Services	\$471.33	
Las Vegas Valley Water District	Goods/Services	\$274.99	
Lesa's Auto Body Supplies	Goods/Services	\$2,366.74	
Lunas	Goods/Services	\$315.00	
Mitchell 1	Goods/Services	\$1,346.32	
Napa Auto Parts	Goods/Services	\$44,063.47	
NV Energy	Goods/Services	\$29.99	
OEM	Goods/Services	\$763.28	
Progressive Insurance Company			\$1,432.73
Protection 1	Goods/Services	\$1,507.14	\$1,790.76
Prudential Overall Supply	Goods/Services	\$1,173.58	\$2,135.97
Qualia Collection Services	Collections - Auto Nation Nissan	\$50.00	
Republic Services	Goods/Services	\$892.91	
Safety-Kleen Systems, Inc.	Goods/Services	\$404.16	
Santa Barbara Upholstery Supplies	Goods/Services	\$890.72	
Telepacific	Goods/Services	\$1,062.61	
Verizon Wireless	Goods/Services	\$530.19	
Verizon Wireless/RMS Collection	Goods/Services	\$1,489.22	
TOTAL UNSECURED CLAIMS:		\$285,130.24	\$156,453.08

5.5 Claims Deadline

In accordance with the Bankruptcy Court's Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines filed on April 22, 2016 the deadline for filing a proof of claim for all creditors in this action was August 24, 2016, and is October 19, 2016 for

1 governmental agencies.

2 **6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

3 The Debtor is a party to a lease with Doron Gerby for rent on the property located at
4 105 W. Wyoming Avenue, Las Vegas, Nevada, 89102 in the amount of \$1,100.00 per week.

5 **7. DESCRIPTION OF PENDING AND COMPLETED LITIGATION**

6 There is the following litigation is pending against the Debtor:

7 GRP Capital, LLC v. Century Auto Body, LLP, et al, Case No. 14-A-3057-4 in the
8 State Court of Cobb County, State of Georgia.

9 Hudson Insurance Group

10 **8. SUMMARY OF PLAN OF REORGANIZATION**

11 **THE FOLLOWING IS A BRIEF SUMMARY OF THE PLAN OF**
12 **REORGANIZATION WHICH IS FILED CONCURRENTLY HEREWITH (the**
13 **“Plan”), AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. THE**
14 **SUMMARY IS NOT COMPLETE, AND CREDITORS ARE URGED TO READ THE**
15 **PLAN IN FULL. A COPY OF THE PLAN OF REORGANIZATION WILL BE**
16 **PROVIDED TO ALL CREDITORS. TO THE EXTENT THE FOLLOWING**
17 **SUMMARY INCLUDES DEFINED TERMS, THOSE DEFINITIONS ARE**
18 **INCLUDED IN THE PLAN FILED CONCURRENTLY HEREWITH. ALL**
19 **CAPITALIZED TERMS HEREINAFTER HAVE THE MEANINGS SET FORTH IN**
20 **THE PLAN.**

21 **8.1 Classification and Treatment of Claims**

22 The Plan designates four (4) classes of claims. Those classes take into account the
23 differing nature and priority of the various classified claims under the Bankruptcy Code. The
24 following table briefly summarizes the classification and treatment of all Claims under the
25 Plan and the consideration distributable on account of such Claims under the Plan. The
26 information set forth in the following table is for convenience of reference only, and each
27 holder of a Claim should refer to the Plan for a full understanding of the classification and
28 treatment of Claims provided for under the Plan. Claims will receive designated treatment

1 within a Class only to the extent allowed within that class. The Claim allowance procedure
 2 is an ongoing process and the actual amount of the Allowed Claims may vary from the
 3 estimates. For a complete description of the risks associated with the recoveries provided
 4 under the Plan, see Section 11 of the Plan, entitled “Certain Risk Factors To Be Considered.”

5 CLASS	CLAIMS	SUMMARY OF TREATMENT
6 Nonclassified	Administrative Expenses	Paid in full on the latest of (a) on or before the Effective Date; (b) when due or such 7 later date as approved by the claimant; or 8 (c) when allowed by Final Order
9 Class 1	Secured Claim of Snap-On Equipment	See Section 8.2.1 below
10 Nonclassified	Unsecured Priority Claims of Internal Revenue Service and Nevada Dept. Of Taxation	See Section 9.3 below
11 Class 2	Unsecured Claims	See Section 8.2.2 below
12 Class 3	Membership Interest	Receives no distribution until Class 1 through 3 are paid in full. See Section 13 8.2.3 below

16 8.2 Treatment of Claims and Interests

17 Each creditor class shall be treated as follows:

18 8.2.1 Class 1 (Snap-On Equipment Secured Claim):

19 The Snap-On Equipment Secured Claim shall be treated under the Plan as follows:

20 (A) Amount of the Snap-On Equipment Secured Claim

21 The amount of the Snap-On Equipment Secured Claim shall be the amount of
 22 \$157,379.03 plus accrued interest to the Effective Date, as reflected in the Notice of Levy.
 23

24 (B) Retention of Security Interest in Property

25 Snap-On Equipment shall retain its security interest in the tools and equipment
 26 held as collateral.

27 (C) Payment of the Snap-On Equipment

28 The Class 1 creditor shall retain its security interest in its collateral. The obligation

1 shall bear interest at the rate of 6% per annum, and shall be paid in 110 equal monthly
2 payments due on the first day of each and every month, commencing on the first of the month
3 following the Plan Confirmation Date, and continuing on a like day of each and every month
4 thereafter for a period of one hundred ten months, at which time the entire balance and
5 principal and interest shall be due and payable.

6 **(D) Plan Default**

7 In the event of a default by the Debtor in payments to Snap-On Equipment
8 under the Plan, and in the event Debtor fails to cure such default within fifteen (15) business
9 days after delivery of notice to the Debtor and to Debtor's counsel, Snap-On Equipment shall
10 be entitled to enforce all of the terms allowed under Nevada law, except as modified herein.

11 **8.2.2 Class 2 (Unsecured Creditors)**

12 The Class 3 Allowed Unsecured Creditors shall receive pro rata portions of the
13 Quarterly Disbursements from the Plan Fund (section 11.1 below), following the payment
14 of all Allowed Priority Claims, until paid in full with interest allowed at the Federal
15 Judgment Rate of at the time of Plan Confirmation.

16 **8.2.3 Class 3 (Membership Interests):**

17 The Members shall retain their interests following Plan confirmation.

18 **9. TREATMENT OF UNCLASSIFIED CLAIMS**

19 **9.1 Administrative Claims**

20 Claims arising during the administration of the Debtor's Chapter 11 case and entitled
21 to priority under Section 507(a)(1) of the Bankruptcy Code are not classified under the Plan.
22 Holders of such claims shall be paid in full on the latter of the Effective Date, or fifteen (15)
23 days after entry of an order creating an Allowed Administrative Claim, unless holders of an
24 Allowed Administrative Claim agree to alternative treatment. Allowed Administrative
25 Claims may be paid by the members of the Debtor.

26 **9.2 Fees to the United States Trustee**

27 All fees required to be paid to the United States Trustee will be paid in full upon the
28 Effective Date of the Debtor's Plan, and shall remain current until the case is fully

1 administered, closed, converted or dismissed, whichever occurs first. Such fees may be paid
2 by the Debtor or by cash contributions by the members of the Debtor.

3 **9.3 Priority Claims**

4 The Unsecured Allowed Priority Claims shall receive pro rata portions of the
5 Quarterly Disbursements from the Plan Fund (section 11.1 below) until paid in full with
6 interest as allowed by applicable statute. All payments shall be first allocated to the trust
7 fund portion of any tax obligation. Allowed Priority Claims of **Internal Revenue Service**
8 and **Nevada Dept. Of Taxation** shall be paid in full with interest as allowed by applicable
9 statute.

10 **9.4 Disputed Claims**

11 All payments hereunder to creditors whose claims are not liquidated or are disputed
12 shall be paid into a segregated trust account until such claims are an Allowed Claim, in which
13 case the proceeds shall be disbursed, or such claim shall be disallowed, in which case the
14 proceeds shall be distributed to the Reorganized Debtor.

15 **10. EXECUTORY CONTRACTS**

16 Upon Plan Confirmation, all executory contracts and lease agreements entered into
17 with the Debtor shall be assumed.

18 **11. MEANS OF IMPLEMENTING AND FUNDING THE PLAN**

19 **11.1 Plan Funding**

20 The Plan will be funded by the Debtor's continued operation of the business. The
21 Debtor will deposit \$20,000.00 per quarter into a plan fund (the "Plan Fund") managed by
22 the Debtor. Disbursements from the Plan Fund will be made quarterly ("Quarterly
23 Disbursements"). Quarterly Disbursements will first be paid to Priority Claims until the
24 same are paid in full with interest as allowed by statute, and then will be disbursed to
25 unsecured claims as set forth in section 8.2.2 above.

26 **11.2 Revesting of Assets in the Debtor**

27 Upon confirmation of the Plan, all property of the estate of the Debtor shall vest in the
28 Reorganized Debtor free and clear of all claims and interests of the creditors, except as set

1 forth in the Plan.

2 **11.3 Loans to the Debtor**

3 Any principal or any other party may make post-confirmation loans to the Debtor, if
4 reasonably necessary to fund litigation to resolve disputed claims. Such loans shall bear no
5 interest, and shall be repaid from the Plan Fund as set forth in Section 11.1 above.

6 **11.4 Disbursing Agent**

7 The Debtor will serve as disbursing agent and shall make all payments required under
8 the Plan. The disbursing agent may employ or contract with other entities to assist in or to
9 perform the distribution of the property and shall serve without bond.

10 **11.5 Post-Confirmation Management of the Debtor**

11 Anderson Voss, the Debtor's member, will continue to manage the Debtor's business
12 and property post-confirmation.

13 **11.6 Post-Confirmation Litigation**

14 Debtor does not anticipate any post-confirmation litigation.

15 **11.7 Post-Confirmation Default**

16 In the event the Debtor becomes delinquent in any payment or obligation under the
17 Plan, the affected creditor or creditors may provide written notice of such default to the
18 Debtor and its counsel at the following addresses:

19
20 Alan R. Smith, Esq.
21 505 Ridge Street
22 Reno, Nevada 89501

CENTURY AUTO BODY, LLP
ATTN: Anderson Voss
1906 South Mojave
Las Vegas, Nevada 89102

23 The Debtor shall thereafter have ten (10) business days from receipt of said notice in which
24 to cure the default. In the event such default remains uncured, the affected creditor or
25 creditors may bring the matter before the Bankruptcy Court. At any hearing, the Bankruptcy
26 Court may consider the reason for the default and the ability of the Debtor to bring the
27 payment(s) current in a reasonable period of time. The Bankruptcy Court may also consider
28 conversion of the case to a Chapter 7 of the Code or dismissal if the same is in the best

1 interests of creditors.

2 **12. POST-CONFIRMATION FINANCIAL CONDITION OF THE DEBTOR**

3 Following Plan confirmation, the Debtor believes that its post-confirmation financial
4 condition shall be as set forth in the Post-Petition Balance Sheet attached hereto as “A.” In
5 the event the Debtor were forced to liquidate, Debtor has provided its Liquidation Analysis
6 in Exhibit “B” attached hereto.

7 **13. POST-CONFIRMATION MANAGEMENT AND COMPENSATION OF**
8 **MEMBERS**

9 Post-confirmation the Debtor will be managed by Anderson Voss, and shall pay no
10 management fee for such services.

11 **14. ALTERNATIVES TO THE PLAN**

12 The Debtor believes that the Plan provides its creditors with the earliest and greatest
13 possible value that can be realized on their claims.

14 Under § 1121 of the Bankruptcy Code, the Debtor has the exclusive right to file a plan
15 of reorganization during the first 120 days after commencement of its Chapter 11 case, or as
16 otherwise extended by the Court. The Plan was filed within such 120 day period. In
17 addition, if the Plan is not accepted, other parties in interest may have an opportunity to file
18 an alternative plan of reorganization.

19 Alternatively, a liquidation of the Debtor’s assets could be conducted as described in
20 Section 12 of this Disclosure Statement. For the reasons described in that section, Debtor
21 believes that the distribution to each impaired class under the Plan will be greater and earlier
22 than distributions that might be received in a Chapter 7 liquidation of the Debtor’s assets.

23 **15. CERTAIN RISKS TO BE CONSIDERED**

24 HOLDERS OF CLAIMS AGAINST THE DEBTOR SHOULD READ AND
25 CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE
26 OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE
27 DOCUMENTS ATTACHED OR DELIVERED HERewith AND/OR INCORPORATED
28 HEREIN BY REFERENCE), IN DETERMINING WHETHER OR NOT TO ACCEPT OR

1 REJECT THE DEBTOR’S PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER,
2 BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN
3 CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

4 **15.1 Risk of Non-Confirmation of the Plan**

5 Because the Plan provides for the reorganization of the Debtor as a going concern,
6 many of the common risk factors found in typical reorganizations apply with respect to the
7 Plan. These include the possibility that operations will not meet projections. Debtor is
8 unaware of any regulatory contingencies or risks in connection with the Plan.

9 **15.2 Non-Consensual Confirmation**

10 In the event one or more impaired Classes of Claims does not accept the Plan, the
11 Bankruptcy Court may nevertheless confirm the Plan at the Debtor’s request, if all other
12 conditions for confirmation have been met and at least one impaired Class has accepted the
13 Plan (such acceptance being determined without including the vote of any “insider” in such
14 Class) and, as to each impaired Class that has not accepted the Plan “does not discriminate
15 unfairly” and is “fair and equitable” with respect to the rejecting impaired classes. The
16 Debtor believes that the Plan satisfies those requirements.

17 **15.3 Tax Consequences of the Plan**

18 The Debtor believes that there are no federal income tax consequences peculiar to its
19 Plan. EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT WITH
20 HIS/HER TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND
21 FOREIGN TAX CONSEQUENCES TO HIM/HER OF THE PLAN.

22 **16. CONFIRMATION OF THE PLAN**

23 **16.1 Confirmation of the Plan**

24 Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will
25 conduct a hearing regarding confirmation of the Plan at the United States Bankruptcy Court,
26 300 Booth Street, Reno, Nevada, 89509, pursuant to separate notice provided to creditors and
27 interested parties.

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1 **16.2 Objections to Confirmation of the Plan.**

2 Section 1128(b) provides that any party-in-interest may object to confirmation of a
3 plan. Any objections to confirmation of the Plan must be in writing, must state with
4 specificity the grounds for any such objections and must be filed with the Bankruptcy Court
5 and served upon the following parties so as to be received on or before the time fixed by the
6 Bankruptcy Court:

7 Alan R. Smith, Esq.
8 505 Ridge Street
9 Reno, Nevada 89501
10 Telephone: 775/786-4579
11 Facsimile: 775/786-3066
12 Email: mail@asmithlaw.com

13 For the Plan to be confirmed, the Plan must satisfy the requirements stated in Section 1129
14 of the Bankruptcy Code.

15 DATED this 18th day of October, 2016.

16 LAW OFFICES OF ALAN R. SMITH

17 By: /s/ Alan R. Smith
18 ALAN R. SMITH, ESQ.
19 Attorney for Debtor