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15 **UNITED STATES BANKRUPTCY COURT**

16 **DISTRICT OF NEVADA**

17 In Re:  
18 NEW CAL-NEVA LODGE, LLC,  
19 Debtor.

CASE NO.: BK-N-16-51282-gwz  
Chapter 11

**DISCLOSURE STATEMENT FOR PLAN OF  
LIQUIDATION FOR NEW CAL-NEVA  
LODGE, LLC JOINTLY PROPOSED BY  
LAWRENCE INVESTMENTS, LLC AND THE  
OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS DATED AUGUST 7, 2017**

Hearing Date: August 16, 2017  
Hearing Time: 1:00 p.m.

24 THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED  
25 BY THE BANKRUPTCY COURT, A SOLICITATION OF VOTES TO ACCEPT  
26 OR REJECT THE PLAN DESCRIBED HEREIN WILL COMMENCE ONLY IF  
27 THIS OR ANY AMENDED DISCLOSURE STATEMENT AND SOLICITATION  
28 PROCEDURES IN CONNECTION THEREWITH ARE APPROVED BY THE  
BANKRUPTCY COURT. THE PROPONENTS MAY AMEND OR RESTATE  
THE PROPOSED DISCLOSURE

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**IMPORTANT**

THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS AND INTEREST HOLDERS OF NEW CAL-NEVA LODGE, LLC ENTITLED TO VOTE ON THE PLAN OF LIQUIDATION HEREIN DESCRIBED, AND CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF LIQUIDATION. THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE INFORMATION AS REQUIRED BY THE BANKRUPTCY CODE AS TO THE PLAN OF LIQUIDATION. ALL CREDITORS AND INTEREST HOLDERS ARE URGED TO READ THE DISCLOSURE STATEMENT AND ATTACHMENTS, INCLUDING THE PLAN, WITH CARE AND IN THEIR ENTIRETY.

ON AUGUST \_\_, 2017, THE BANKRUPTCY COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE. SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN OF LIQUIDATION HEREIN DESCRIBED AND ATTACHED AS EXHIBIT A, IS BEING SOUGHT FROM CREDITORS AND INTEREST HOLDERS WHOSE CLAIMS AGAINST AND INTERESTS IN THE DEBTOR ARE IMPAIRED UNDER THE PLAN OF LIQUIDATION. CREDITORS AND INTEREST HOLDERS ENTITLED TO VOTE ON THE PLAN OF LIQUIDATION ARE URGED TO VOTE IN FAVOR OF THE PLAN AND TO RETURN THE BALLOT INCLUDED WITH THIS DISCLOSURE STATEMENT UPON COMPLETION IN THE ENVELOPE PROVIDED.

**GENERAL INFORMATION AND THE PLAN PROPONENTS<sup>1</sup>**

New Cal-Neva Lodge, LLC (“Debtor,” or “New Cal-Neva”) the debtor and debtor-

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<sup>1</sup>Capitalized terms used in this Disclosure Statement that are not defined in this Disclosure Statement, but are defined in the Plan, have the meanings assigned to those terms in the Plan. Capitalized terms used in this Disclosure Statement that are defined neither in this Disclosure Statement nor in the Plan have the meanings, if any, assigned to those terms by the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure if none, by common usage.

1 in-possession in the above-captioned chapter 11 case, filed its petition for relief under  
2 Chapter 11 of the Bankruptcy Code on July 28, 2016. The Debtor's sole member and  
3 parent company, Cal Neva Lodge, LLC ("Cal Neva"), filed its petition for relief under  
4 Chapter 11 of the Bankruptcy Code on June 10, 2016, and is the debtor and debtor-in-  
5 possession in the chapter 11 case number BK-N-16-51281.

6 Lawrence Investments, LLC ("Lawrence") and the Official Committee of  
7 Unsecured Creditors of New Cal-Neva (the "Committee," and together with Lawrence,  
8 the "Proponents"), submit this Disclosure Statement under section 1125 of the  
9 Bankruptcy Code and Bankruptcy Rule 3016. The purpose of this Disclosure Statement  
10 is to disclose information adequate to enable voting holders of Claims and equity  
11 security Interests of Debtor to arrive at a reasonably informed decision in exercising their  
12 rights to vote on the Proponents' Plan of Liquidation dated August 7, 2017 (as amended,  
13 supplemented, or modified, the "Plan"). A copy of the Plan is attached as Exhibit A  
14 hereto. All section references in this Disclosure Statement are to the Bankruptcy Code  
15 unless otherwise indicated.

16 ***[The Proponents are not soliciting ballots at this time. This language is***  
17 ***included to reflect the language to be used if the Disclosure Statement is***  
18 ***approved.]*** THE COMMITTEE BELIEVES THAT THE PLAN IS THE HIGHEST AND  
19 BEST OFFER FOR THE PURCHASE OF THE DEBTOR'S ASSETS. THE PLAN IS  
20 NOT SUBJECT TO ANY FINANCING OR DILIGENCE CONTINGENCIES.  
21 ACCORDINGLY, THE COMMITTEE ENCOURAGES CREDITORS TO VOTE IN  
22 FAVOR OF THE PLAN.

### 23 GENERAL SUMMARY OF THE PLAN

24 The Plan sets forth a proposal for the resolution of all Claims and Interests  
25 against the Debtor and the Estate. Under this Plan, Lawrence will be the stalking horse  
26 purchaser for a sale (the "Sale") of substantially all of New Cal-Neva's assets for a cash  
27 purchase price of \$35.8 million (the "Purchase Price") and a cash payment of an  
28 additional sum of \$2.2 million for other payments provided for by this Plan (the "Plan

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1 Payment”). Lawrence made a \$2.0 million deposit into escrow with counsel to the  
2 Committee on July 21, 2017. Upon confirmation of the Plan by the Bankruptcy Court,  
3 the Lawrence deposit shall be delivered to the escrow agent designated in, and in  
4 accordance with and subject to the terms and conditions of, the Asset Purchase  
5 Agreement, including the conditions that the deposit shall be returned to Lawrence if the  
6 Bankruptcy Court does not approve the Sale to Lawrence, or the Debtor does not timely  
7 Close escrow delivering title to the Purchased Assets free and clear of liens, claims or  
8 interests as provided in the proposed Asset Purchase Agreement. Lawrence J. Ellison is  
9 presently the sole direct or indirect beneficial owner of all membership interests in  
10 Lawrence. Lawrence has provided the Committee with evidence of its financial ability to  
11 consummate the purchase of the Property as provided in the Asset Purchase  
12 Agreement. The Sale will be subject to overbidding by qualified bidders at the  
13 Confirmation Hearing.

14 On the Effective Date, the net proceeds from the Purchase Price (the “Sale  
15 Proceeds”) from the Sale to Lawrence or the successful overbidder (“Buyer”) shall be  
16 used to pay lienholders in order of priority of their liens, as follows: (a) pay Hall’s  
17 superpriority administrative claim; (b) pay Secured Real Property Tax Claims in full on  
18 the Effective Date; (c) establish a Lien Litigation Reserve in the amount of all mechanic’s  
19 lien claims which are the subject of the pending lien priority dispute in the Lien Litigation  
20 pending as consolidated Adversary Proceeding No. 16-05036-GWZ plus an additional  
21 \$500,000, with the funds in such reserve to be distributed based upon the order of  
22 lienholder priority determined after resolution of that proceeding; and (d) pay the  
23 remainder of the Sale Proceeds to Hall up to the full amount of its Allowed Secured  
24 Claim. Unless there is overbidding, the Sale Proceeds will not be sufficient to pay all  
25 Allowed Secured Claims in full. In the event that the Sale is to a successful overbidder  
26 and Hall’s Allowed Secured Claim is fully satisfied, any remaining Sale Proceeds shall  
27 be paid to Ladera up to the full amount of its Allowed Secured Claim. If there are  
28 insufficient Sale Proceeds to pay all secured claims in full, then all Allowed Secured



1 Claims shall be paid on the Effective Date and the remaining Sale Proceeds shall be  
2 used to pay any unpaid administrative, priority and general unsecured claims in  
3 accordance with the Bankruptcy Code Distribution Priorities.

4 The Plan Payment shall be used to pay (a) unsecured priority tax claims, (b)  
5 priority non-tax claims, (c) general administrative expense claims, (d) defaults on the  
6 Allowed Secured Claim of Capital One (estimated at \$500,000), (e) cure amounts for any  
7 default under those Assumed Executory Contracts listed in Article V.A (estimated at  
8 \$160,000), (f) tax liens on the Fairwinds Estate (estimated at \$35,000), (g) unsecured  
9 convenience claims (claims of \$750.00 or less) in full in cash on the Effective Date, (h)  
10 \$50,000 to establish a Litigation Trust, (i) \$25,000 as a reserve for a Plan Administrator  
11 and for post-Effective Date U.S Trustee Fees, and (j) a fund for Allowed professional  
12 fees, in the amount of (1) \$1,200,000, plus (2) the difference, if any, between \$1.0 million  
13 and the amounts necessary to satisfy items (a) through (i) above. In this Plan, the term  
14 **“Plan Obligations** refers collectively to items (a) through (j) above.

15 The Litigation Trustee will be authorized to prosecute all Trust Causes of Action  
16 assigned to the Litigation Trust for the benefit of General Unsecured Claims, with any  
17 residual paid to Cal Neva on account of its Interest in New Cal-Neva. The Proponents  
18 have not conducted an investigation or analysis of the merits or value of any Trust  
19 Causes of Action. Therefore, the Litigation Trustee may determine that there are no  
20 Trust Causes of Action that will be prosecuted and may determine that the Trust Causes  
21 of Action have no value. Cal Neva shall retain its equity Interests in New Cal-Neva  
22 under the Plan and shall receive any Sale Proceeds after all senior creditors are paid  
23 and, if needed, shall be a subordinated beneficiary of the Litigation Trust to be  
24 established by the Plan.

25 The treatment under the Plan of allowed Claims and Interests in each class is  
26 summarized as follows:

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Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/ Treatment
1	<b>Priority Non-Tax Claims</b>	Unimpaired Conclusively Presumed to Accept	Paid in full in cash on the Effective Date from the Plan Payment.
2	<b>Secured Claim of Hall CA-NV, LLC</b>	Impaired Entitled to vote	<p>Unless otherwise agreed and if there are no overbids sufficient to pay in full the Allowed Hall Secured Claim, the Ladera Secured Claim, the Penta Secured Claim, the overbid Carve-out, and all Allowed Lien Litigation Mechanic's Lien Claims, then until the Allowed Hall Secured Claim is paid in full, Hall shall be paid: (1) all excess cash from the Sale Proceeds remaining after Secured Real Property Tax Claims are paid in full, the Overbid Carve-out is paid, and the Lien Litigation Reserve is fully funded, and (2) payments from the Lien Litigation Reserve based upon the order of lienholder priority determined after resolution of the Lien Litigation. If the Hall Secured Claim is not paid in full from these sources, any deficiency portion will be treated as a Class 11 claim.</p> <p>If there are sufficient Sale Proceeds to pay in full the Allowed Hall Secured Claim, the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all Allowed Lien Litigation Mechanic's Lien Claims, Hall will be paid in full on the Effective Date on account of the Allowed Hall Secured Claim.</p>

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Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/ Treatment
3	Secured Claim of Ladera Development, LLC	Impaired Entitled to vote	<p>Unless otherwise agreed and if there are no overbids sufficient to pay in full the Hall Secured Claim, the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all Allowed Lien Litigation Mechanic's Lien Claims, Ladera will receive, up to the full amount of its Allowed claim, (1) any Sale Proceeds after the Hall Secured Claim is paid in full or as Hall otherwise agrees and the Overbid Carve-out is paid, and (2) payments from the Lien Litigation Reserve based upon the order of lienholder priority determined after resolution of the Lien Litigation. If the Allowed Ladera Secured Claim is not paid in full from these sources, any deficiency portion will be treated as a Class 11 claim.</p> <p>If there are sufficient Sale Proceeds to pay in full the Allowed Hall Secured Claim, the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all Allowed Lien Litigation Mechanic's Lien Claims, Ladera will be paid in full on the Effective Date on account of the Allowed Ladera Secured Claim.</p>

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Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/ Treatment
4	Secured Claim of The Penta Building Group, Inc.	Impaired Entitled to vote	<p>In full satisfaction of Penta's Allowed Secured Claim, unless otherwise agreed, cash equal to the amount of Penta's Allowed Secured Claim will be paid into the Lien Litigation Reserve on the Effective Date pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation, Penta shall receive payments, if any, based upon the order of lienholder priority determined after resolution of the Lien Litigation, up to the full amount of the Penta Secured Claim. If the Penta Allowed Secured Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim.</p> <p>If there are sufficient Sale Proceeds to pay in full the Allowed Secured Claims of Hall, Ladera, Penta, the Overbid Carve-out and all Allowed Lien Litigation Mechanic's Lien Claims, Penta will be paid in full on the Effective Date on account of the Allowed Penta Secured Claim.</p>

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Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/ Treatment
5	Secured Lien Litigation Mechanic's Lien Claims	Impaired Entitled to vote	<p>In full satisfaction of each Allowed Lien Litigation Mechanic's Lien Claim, except to the extent that such a Claim agrees otherwise in writing, cash from the Sale Proceeds equal to the amount of such Mechanic's Lien Claim will be paid into the Lien Litigation Reserve pending the outcome of the Lien Litigation. Upon completion of the Lien Litigation, such Mechanic's Lien Claim shall receive payments, if any, in the order of priority as determined in the Lien Litigation. If any Secured Allowed Lien Litigation Mechanic's Lien Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim.</p> <p>If there are sufficient Sale Proceeds to pay in full the Allowed portions of the Hall Secured Claim, the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all Allowed Lien Litigation Mechanic's Lien Claims, then all Allowed Lien Litigation Mechanic's Lien Claims will be paid in full on the Effective Date on account of each such allowed Claim.</p>

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<b>Class</b>	<b>Type of Allowed Claim or Equity Interest</b>	<b>Impairment/Voting</b>	<b>Recovery/ Treatment</b>
<b>6</b>	<b>Secured Other Mechanic's Lien Claims</b>	Impaired Entitled to vote	<p>In full satisfaction of each Allowed Other Mechanic's Lien Claim, except to the extent that such a Claim agrees otherwise in writing, each such Allowed Mechanic's Lien Claim shall receive such payments, up to the full amount of such Allowed Mechanic's Lien Claim, from any Sale Proceeds remaining after the Overbid Carve-out is paid, and Classes 2 through 5 and Class 8 are paid in full. If any Secured Allowed Other Mechanic's Lien Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim.</p> <p>If there are sufficient Sale Proceeds to pay the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim, the Overbid Carve-out, and all Allowed Mechanic's Lien Claims in full, then each Allowed Other Mechanic's Lien Claim will be paid in full on the Effective Date on account of such Allowed Other Mechanic's Lien Claim.</p>
<b>7</b>	<b>Secured Claim of Capital One Bank (USA), N.A.</b>	Unimpaired Conclusively Presumed to Accept	Paid (1) all defaults cured on the Effective Date from the Plan Payment, and the Fairwinds Estate purchased subject to the Allowed Secured Claim of Capital One and paid pursuant to contractual obligation; or (2) as otherwise agreed.
<b>8</b>	<b>Secured Real Property Tax Claims</b>	Unimpaired Conclusively Presumed to Accept	Paid in full in cash on the Effective Date from the Sale Proceeds.

Class	Type of Allowed Claim or Equity Interest	Impairment/Voting	Recovery/ Treatment
9	Other Secured Claims	Impaired Entitled to vote	<p>In full satisfaction of each Allowed Other Secured Claim, except to the extent that a Holder of an Allowed Other Secured Claim agrees otherwise in writing, each Other Secured Claim shall receive such payments up to the full amount of such Allowed Other Secured Claim. If any Allowed Other Secured Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim. The Proponents are not aware of any Other Secured Claims.</p> <p>If there are sufficient Sale Proceeds to pay the Hall Secured Claim, Ladera Secured Claim, Penta Secured Claim, the Overbid Carve-out, all Allowed Mechanic's Lien Claims and all Allowed Other Secured Claims in full, each Allowed Other Secured Claim will be paid in full on the Effective Date on account of such Allowed Other Secured Claim.</p>
10	Convenience Claims (\$750 or less)	Impaired Entitled to vote	Paid in full in cash upon the first distribution date after such claims are allowed.
11	General Unsecured Claims	Impaired Entitled to vote	Allowed Claims paid Pro Rata from Litigation Trust Net Proceeds.
12	Interests	Impaired; Deemed to Reject	Cancelled.

The Proponents have obtained or will obtain Bankruptcy Court approval under section 1125 of the Bankruptcy Code to distribute a Disclosure Statement to all parties in interest containing adequate information for all parties in interest to make an informed judgment as to whether they will vote in favor of and support the Plan, including information regarding the risks associated with the Plan, and the rights of creditors and

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1 equity security Holders hereunder. All creditors and equity security Holders should refer  
2 to the Disclosure Statement for this Plan for information regarding the precise treatment  
3 of their claim or interest.

4 In addition, the Plan provides for the resolution of Disputed Claims through a  
5 series of mechanisms more fully described in the Plan. As set forth in the Liquidation  
6 Analysis in Section Fourteen below, the Proponents believe confirmation of the Plan will  
7 result in a higher recovery for holders of Claims and Interests than if the Debtor's estate  
8 were liquidated in a Chapter 7.

9 This Disclosure Statement is not intended to replace a careful review and analysis  
10 of the Plan, which should include a careful review of the specific treatment of your  
11 Claims or Interests under the Plan. It is submitted as an aid and supplement to your  
12 review of the Plan to explain the terms of the Plan. Every effort has been made to  
13 explain fully various aspects of the Plan as they affect holders of Claims and interests. If  
14 any questions arise, the Proponents urge you to consult with your own counsel to  
15 understand the import and effect of the Plan.

#### 16 **EFFECTIVE DATE OF THE PLAN**

17 The Effective Date of the Plan will occur on the first Business Day after the  
18 Confirmation Date on which no stay of the Confirmation Order is in effect and all of the  
19 conditions to the occurrence of the Effective Date set forth in Article X of the Plan have  
20 been satisfied or waived in accordance with the Plan.

#### 21 **RECOMMENDATION OF THE PLAN PROPONENTS**

22 **[The Proponents are not soliciting ballots at this time. This language is**  
23 **included to reflect the language to be used if the disclosure statement is**  
24 **approved.]** The Proponents recommend that all Creditors and Interest Holders entitled  
25 to vote on the Plan vote in favor of the Plan.

26 The Proponents believe that (1) the Plan provides the best possible result for the  
27 Holders of Claims against the Debtor, (2) with respect to each Impaired class of Claims,  
28 the Distributions under the Plan are greater than the amounts that would be received if



1 the Debtor was to liquidate under Chapter 7 of the Bankruptcy Code, and (3) acceptance  
2 of the Plan is in the best interest of Holders of Claims and Interests.

3 In arriving at these conclusions, the Proponents considered (1) the limited  
4 alternatives available to the Debtor to restructure their debts, (2) the Debtor's liquidation  
5 value, and (3) the rights, in both payment and security position, of the Debtor's creditors  
6 and Interest holders.

### 7 **BALLOTING AND OTHER INFORMATION**

8 Ballots, which are included in the enclosed Plan materials, should be properly  
9 completed, executed and received by the Offices of counsel to the Committee: Pachulski  
10 Stang Ziehl and Jones LLP, 150 California Street, 15th Floor, San Francisco, CA 94111-  
11 4500 Attn: John Fiero, no later than 5:00 p.m. prevailing Pacific Time on \_\_\_\_\_, 2017.  
12 A hearing to consider Confirmation of the Plan will be held commencing at \_\_\_\_\_ .m.,  
13 on September \_\_\_\_\_, 2017, before the Honorable United States Bankruptcy Judge Gregg  
14 W. Zive, at the C. Clifton Young Federal Building located at 300 Booth Street, Reno,  
15 Nevada. The Confirmation Hearing may be adjourned from time to time without further  
16 notice. Any objections to confirmation of the Plan must be in writing and must be filed  
17 with the Clerk of the Bankruptcy Court and served as set forth in a separate notice of  
18 hearing provided.

### 19 **QUESTIONS**

20 All inquiries regarding the Plan or the Disclosure Statement may be directed to  
21 counsel for the Committee as follows:

22 John Fiero  
23 Shirley Cho  
24 Pachulski Stang Ziehl & Jones LLP  
25 150 California Street, 15<sup>th</sup> Floor  
26 San Francisco, California 94111-4500  
27 Telephone: 415.263.7000  
28 Facsimile: 415.263.7010  
Email: [jfiero@pszilaw.com](mailto:jfiero@pszilaw.com)  
[scho@pszilaw.com](mailto:scho@pszilaw.com)

1 **SECTION ONE**

2 **INTRODUCTION**

3 On June 10, 2016, Cal Neva commenced a bankruptcy case by filing a voluntary  
4 petition for relief under chapter 11 of the Bankruptcy Code. On July 28, 2016, New Cal-  
5 Neva commenced this Case by filing a voluntary petition for relief under chapter 11 of  
6 the Bankruptcy Code. Both bankruptcy cases are pending before the Bankruptcy Court  
7 for the District of Nevada, Reno Division, the Honorable Gregg W. Zive, United States  
8 Bankruptcy Judge, presiding.

9 Since New Cal-Neva filed its bankruptcy case, New Cal-Neva has continued in  
10 possession of the Real Property and assets and has continued to manage such Real  
11 Property and assets as debtor in possession pursuant to Bankruptcy Code sections  
12 1107(a) and 1108. No request has been made for the appointment of a trustee or an  
13 examiner in this Case. An official Committee of unsecured creditors was appointed in  
14 the Case on September 13, 2016. The Proponents filed the Plan, along with this  
15 Disclosure Statement, on August 7, 2017. A copy of the Plan accompanies this  
16 Disclosure Statement.

17 The Proponents have prepared this Disclosure Statement in connection with the  
18 solicitation of acceptances of the Plan. The purpose of this Disclosure Statement is to  
19 set forth information regarding the Debtor and the Plan in order to assist Creditors and  
20 Interest Holders in making an informed judgment as to whether they should accept or  
21 reject the Plan. This Disclosure Statement does not reflect any events that may occur  
22 after August 7, 2017, and, except as otherwise set forth herein, it is not anticipated that  
23 any amendments or supplements to the Disclosure Statement will be distributed to  
24 reflect changes subsequent to that date.

25 Although the terms of the Plan are summarized in this Disclosure Statement,  
26 parties in interest should refer to the Plan itself with regard to each specific term or  
27 provision. *ALL SUMMARIES OF THE PLAN CONTAINED IN THIS DISCLOSURE*  
28 *STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH ITSELF*

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1 IS CONTROLLING.

2 No statements concerning the Debtor, the value of its assets, or the value of any  
3 benefit offered to any holder of any Claim or Interests in connection with the Plan should  
4 be relied on other than as set forth in this Disclosure Statement. In arriving at a decision,  
5 parties should not rely on any representation or inducement made to secure their  
6 acceptance or rejection that is contrary to information contained in this Disclosure  
7 Statement. Any such additional representations or inducements should be reported  
8 immediately to undersigned counsel for the Proponents.

9 **Disclaimers**

10 PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY BEFORE YOU  
11 VOTE ON THE PLAN. ALL PREVIOUS STATEMENTS AND REPRESENTATIONS  
12 MADE BY OR ON BEHALF OF THE DEBTOR OR THE PROPONENTS ARE  
13 EXPRESSLY SUPERSEDED BY THIS DISCLOSURE STATEMENT. ALL OF THE  
14 STATEMENTS AND REPRESENTATIONS RESPECTING FINANCIAL, BUSINESS  
15 AND ACCOUNTING DATA HEREIN ARE THOSE OF THE DEBTOR, UNLESS  
16 SPECIFICALLY STATED TO BE FROM OTHER SOURCES. PROFESSIONALS  
17 EMPLOYED BY THE PROPONENTS HAVE ASSISTED IN THE PREPARATION OF  
18 THIS DISCLOSURE STATEMENT BASED ON FACTUAL INFORMATION AND  
19 ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA  
20 PROVIDED BY THE DEBTOR'S MANAGEMENT OR REFLECTED IN PLEADINGS  
21 FILED WITH THE BANKRUPTCY COURT, NOT PERSONAL KNOWLEDGE OR  
22 ASSUMPTIONS.

23 WHILE THE INFORMATION PROVIDED HEREIN IS BELIEVED RELIABLE, THE  
24 PROPONENTS HAVE NOT UNDERTAKEN TO VERIFY OR INVESTIGATE SUCH  
25 INFORMATION, AND MAKE NO REPRESENTATION AS TO THE ACCURACY OR  
26 COMPLETENESS OF THE INFORMATION. THE STATEMENTS MADE IN THIS  
27 DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE  
28 TO THE PLAN, THE APPENDICES ATTACHED HERETO, AND OTHER DOCUMENTS

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1 REFERENCED AS FILED WITH THE BANKRUPTCY COURT BEFORE OR  
2 CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT.  
3 FURTHERMORE, THE PROJECTED FINANCIAL INFORMATION CONTAINED  
4 HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT.

5 DISTRIBUTION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE  
6 CONSTRUED AS ANY REPRESENTATION OR WARRANTY AT ALL, EITHER  
7 EXPRESS OR IMPLIED, BY THE PROPONENTS OR THEIR PROFESSIONAL  
8 CONSULTANTS THAT THE PLAN IS FREE FROM RISK, THAT THE ACCEPTANCE  
9 OF THE PLAN WILL RESULT IN A RISK-FREE RESTRUCTURING OF THE  
10 DEBTOR'S OBLIGATIONS, OR THAT THE OBLIGATIONS OF THE DEBTOR AS  
11 RESTRUCTURED BY THE PLAN WILL BE FULLY PERFORMED IN THE FUTURE  
12 WITHOUT RISK OF FURTHER DEFAULT.

13 ALL HOLDERS OF IMPAIRED CLAIMS SHOULD READ AND CONSIDER  
14 CAREFULLY THE MATTERS DESCRIBED IN THE PLAN AND DISCLOSURE  
15 STATEMENT AS A WHOLE, INCLUDING THE "RISK FACTORS" DESCRIBED IN  
16 SECTION THIRTEEN OF THIS DISCLOSURE STATEMENT, PRIOR TO VOTING ON  
17 THE PLAN. IN MAKING A DECISION TO ACCEPT OR REJECT THE PLAN, EACH  
18 CREDITOR AND INTEREST HOLDER ENTITLED TO VOTE THEREON MUST RELY  
19 ON ITS OWN EXAMINATION OF THE DEBTOR AS DESCRIBED IN THIS  
20 DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, INCLUDING THE  
21 MERITS AND RISKS INVOLVED. IN ADDITION, CONFIRMATION AND  
22 CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS PRECEDENT  
23 THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN. THERE CAN  
24 BE NO ASSURANCE THAT EACH OF THESE CONDITIONS PRECEDENT WILL BE  
25 SATISFIED OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL  
26 BE CONSUMMATED.

27 WITH THE EXCEPTION OF HISTORICAL INFORMATION, SOME MATTERS  
28 DISCUSSED HEREIN, INCLUDING THE PROJECTIONS AND VALUATION ANALYSIS

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1 DESCRIBED HEREIN ARE "FORWARD LOOKING STATEMENTS" WITHIN THE  
2 MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.  
3 SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS,  
4 UNCERTAINTIES, AND OTHER FACTORS WHICH COULD CAUSE ACTUAL  
5 RESULTS TO DIFFER MATERIALLY FROM FUTURE RESULTS EXPRESSED OR  
6 IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

7 THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE  
8 WITH 11 U.S.C. § 1125 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE  
9 SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. ENTITIES  
10 HOLDING OR TRADING IN OR OTHERWISE PURCHASING, SELLING, OR  
11 TRANSFERRING CLAIMS AGAINST THE DEBTOR SHOULD EVALUATE THIS  
12 DISCLOSURE STATEMENT ONLY IN LIGHT OF THE PURPOSE FOR WHICH IT WAS  
13 PREPARED.

## 14 SECTION TWO

### 15 DESCRIPTION OF THE DEBTOR, THE BANKRUPTCY FILINGS, 16 AND DEBTOR'S BUSINESS AND ASSETS

#### 17 A. General Background of the Debtor

##### 18 1. Formation of New Cal-Neva and Acquisition of the Property.

19 Debtor New Cal-Neva is a Nevada limited liability company. On April 8, 2013,  
20 Canpartners Realty Holding Company IV Cal-Neva LLC ("Canyon") (the prior owner of  
21 the Real Property) formed New Cal-Neva by filing its Articles of Organization with the  
22 Secretary of State of Nevada pursuant to the limited liability company laws of the State  
23 of Nevada and by entering into an operating agreement for New Cal-Neva. Canyon  
24 assigned its entire ownership interest in the Real Property to New Cal-Neva in April  
25 2013. Cal Neva became a member in New Cal-Neva pursuant to that certain Amended  
26 and Restated Limited Liability Company Agreement dated April 19, 2013, and Cal Neva  
27 subsequently purchased the interest of Canyon in New Cal-Neva.

1           2.     Management of New Cal-Neva.

2           Since New Cal-Neva's acquisition of the Real Property, Cal Neva has been the  
3 sole member of New Cal-Neva. Cal Neva is the managing member of New Cal-Neva  
4 and Robert Radovan serves as its President and Secretary and William Criswell is the  
5 Chief Executive Officer. By order of the Bankruptcy Court entered September 19, 2016,  
6 Robert Radovan was designated as New Cal-Neva's Responsible Individual.

7     **B.     Description of the Resort and Related Assets**

8           1.     The Resort.

9           New Cal-Neva's principal asset is an iconic hotel, spa & casino known as the Cal-  
10 Neva Resort Hotel & Casino (the "Resort"). The Resort is comprised of approximately  
11 13.5 acres located along the North Shore of Lake Tahoe that straddles over two states in  
12 Crystal Bay, Nevada and Kings Beach, California. The Resort includes 191 hotel  
13 guestrooms, cabins and terrace rooms, a full service spa, a gambling and casino floor,  
14 showrooms, restaurants, meeting space, and retail. In addition, as explained in more  
15 detail below, New Cal-Neva's wholly owned subsidiaries own the Fairwinds Estate, a  
16 Resort-adjacent lakefront property.

17           The Resort was originally developed in or about 1926, burned down in 1937, and  
18 was reconstructed. In 2013, Cal Neva purchased the equity in New Cal-Neva Lodge  
19 and New Cal-Neva has owned the Resort since that date.

20           In 2014, New Cal-Neva closed the Resort and acquired funds through loans and  
21 equity to undertake a substantial redevelopment of the Resort. New Cal-Neva financed  
22 the renovations with loans and equity investments and commenced work in late 2014  
23 after receiving funding from Hall and Ladera. In 2015, the renovation stalled and the  
24 existing financing was determined to be inadequate to pay the costs of completion based  
25 upon the remaining costs at that time and the expenditure or other transfers of the  
26 proceeds from the loans and equity investments. The renovation, which was  
27 approximately 70 percent complete, ceased in December 2015.

1 Unable to complete the project and facing foreclosure by its secured lenders and  
2 now secured claims from unpaid contractors, on June 10, 2016, Cal Neva filed a petition  
3 for relief under Chapter 11 in the United States Bankruptcy Court for the Northern District  
4 of California. On July 28, 2016, Debtor New Cal-Neva filed its petition for relief under  
5 Chapter 11 in the United States Bankruptcy Court for the Northern District of California.  
6 Subsequently, on October 13, 2016, both Chapter 11 cases were transferred to the  
7 United States Bankruptcy Court for the District of Nevada.

8 2. The Furniture, Fixtures and Equipment.

9 To date, New Cal-Neva estimates that it has purchased approximately 60-70% of  
10 the furniture, fixtures and equipment necessary to open and operate the Resort (the  
11 "FF&E") and New Cal-Neva reports that the FF&E is safely stored off-site in Sparks,  
12 Nevada, and has a cost value of approximately \$3.3 million.

13 3. The Fairwinds Estate.

14 The Fairwinds Estate is adjacent to the Resort at 9898 Lake Street, Kings Beach,  
15 California. The Fairwinds Estate is encumbered by a mortgage in favor of Capital One  
16 Bank with an outstanding balance of approximately \$4.1 million. The Proponents are  
17 informed that Capital One has recorded a notice of default with respect to that mortgage  
18 asserting past due payments of approximately \$500,000.

19 As of October 25, 2014, the Fairwinds Estate was owned by 9898 Lake, LLC  
20 ("9898 Lake"). At that time, Paul and Evy Paye, LLC ("Paye") owned 100% of the  
21 membership interests in 9898 Lake. In November 2014, pursuant to an Exchange  
22 Agreement entered into between Paye and Cal Neva, Paye transferred all of its interests  
23 in 9898 Lake to New Cal-Neva's wholly-owned subsidiary CR Lake Tahoe, LLC ("CR  
24 Lake Tahoe") in exchange for Paye's receipt of certain equity interests in Cal Neva. The  
25 sole member of CR Lake Tahoe is New Cal-Neva (the transaction was structured this  
26 way to allow Hall to possess a lien or security interest against the Fairwinds Estate or  
27 New Cal-Neva's membership interest in 9898 Lake). Cal Neva, New Cal-Neva and Paye  
28 valued the equity in the Fairwinds Estate at \$2 million. Pursuant to the Exchange



1 Agreement, Paye received an equity interest in Cal Neva of 6.19% and Paye's broker,  
2 Marriner Real Estate, LLC ("Marriner") received an equity interest in Cal Neva of 0.65%.  
3 Since November 2014 and at all times relevant hereto, Paye and Marriner have held  
4 themselves out as members of Cal Neva, and 9898 Lake (which retained title to the  
5 Fairwinds Estate), has been wholly owned by CR Lake Tahoe. CR Lake Tahoe is the  
6 sole member of 9898 Lake and controls 9898 Lake.

7 After entry of the Confirmation Order, the Plan authorizes and directs CR Lake  
8 Tahoe to dissolve, if necessary, and cause 9898 Lake to transfer by grant deed all of  
9 9898 Lake's right, title and interest in the Fairwinds Estate to the Debtor, subject to the  
10 Secured Claim of Capital One. On the Effective Date and as part of the Closing, the  
11 Debtor shall transfer Fairwinds Estate to the Buyer by grand deed free and clear of all  
12 Liens and Claims other than the Secured Claim of Capital One.

### 13 **C. The Liabilities of the Debtor**

#### 14 1. Secured Claims

15 Hall. Hall is the senior secured creditor of the Debtor, with an asserted Secured  
16 Claim of approximately \$29 million Secured by substantially all of the Debtor's assets,  
17 including all of the Debtor's real property. The Hall Secured Claim includes an  
18 approximately \$719,900 superpriority administrative claim. The Hall Secured Claim is  
19 disputed by the Committee on the grounds set forth in the Committee's objection with  
20 respect to Hall's pre-payment penalty claim and certain categories of expenses being  
21 granted superpriority administrative expense status, among other objections. By  
22 agreement of Hall and the Committee, the Committee's objection to the Hall Secured  
23 Claim will be held at a future date and time subject to the Court's convenience.

24 Ladera. Ladera is a junior secured creditor of the Debtor, with a Secured Claim of  
25 approximately \$8.8 million Secured by substantially all of all of the Debtor's assets,  
26 including all of the Debtor's real property. In addition, Cal Neva pledged its 100%  
27 membership interest in New Cal-Neva to Ladera as additional Collateral.



1           Penta, Mechanic's Lien Claims and Other Secured Claims. Penta is a contractor  
2 who performed work on the Debtor's renovation of the Resort and is owed approximately  
3 \$9.2 million Secured by statutory liens on the Debtor's real property. Holders of  
4 Mechanic's Lien Claims and Other Secured Claims are primarily contractors and sub-  
5 contractors with statutory liens against the Debtor's real property, assert that they are  
6 owed approximately \$680,000. The relative priority of Penta's Secured Claims,  
7 Mechanic's Lien Claims and Other Secured Claims is the subject of a dispute. This  
8 dispute would not be resolved as part of the Plan, which proposes to pay the Sale  
9 Proceeds to a Litigation Reserve for distribution to Secured Creditors in priority of their  
10 Liens as determined in the Lien Litigation, unless the holder of a Secured Claim agrees  
11 otherwise in writing.

12           Secured Claims not included in the Lien Litigation other than Real Property Tax  
13 Claims are junior in priority to the secured claims asserted by Hall, Ladera, Penta, and  
14 the Lien Litigation Mechanic's Lien Claims, and shall not receive any payments under  
15 the Plan unless the foregoing senior Secured Claims are paid in full.

16           Real Property Tax Claims. The Placer County Tax Collector and Washoe County  
17 Treasurer assert secured claims in the aggregate amount of approximately \$167,215 for  
18 unpaid real property taxes owed by the Debtor with respect to the Resort. The Placer  
19 County Tax Collector asserts secured claims in the aggregate amount of approximately  
20 \$35,157 for unpaid real property taxes owed with respect to the Fairwinds Estate.

21           Capital One Bank, as noted above, has a claim of approximately \$4.1 million  
22 secured by the Fairwinds Estate.

23           Secured Claims, not including Capital One Bank, are set forth in Exhibit B to this  
24 Disclosure Statement.

## 25           2.    Unsecured Claims

26           As of the filing date hereof, the Proponents estimate that unpaid Administrative  
27 Expense Claims against the Debtor as of the Effective Date will be approximately  
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399417002 \$1,642,325. There are Priority Tax Claims totaling approximately \$1,700. Non-Tax

1 Priority Claims total \$2,666. All Priority Claims are set forth in Exhibit C to this  
2 Disclosure Statement.

3 Scheduled and filed General Unsecured Claims in the New Cal-Neva Case total  
4 approximately \$2.1 million and are set forth in Exhibit D to this Disclosure Statement.

5 The Debtor's liabilities can be approximately summarized as follows, with total  
6 payoffs subject to additional accruals after the respective payoff dates:

<b>Secured</b>		
Hall		\$29,046,005
Ladera		8,765,945
Penta		9,151,534
Capital One		4,140,000
<u>Other Secured</u>		<u>847,347</u>
	<b>Total Secured</b>	<b>\$51,950,831</b>
<b>Unsecured</b>		
Admin. Expenses (excluding professionals)		\$142,325
Administrative Expenses – Professionals (estimated)		\$1,500,000
Priority		\$4,365
<u>General Unsecured</u>		<u>2,100,000</u>
	<b>Total Unsecured</b>	<b>\$3,746,690</b>
	<b>TOTAL LIABILITIES</b>	<b>\$55,697,521</b>

#### 17 D. Litigation

18 New Cal-Neva is a party to that certain litigation commenced by plaintiff Xavier  
19 Moulin against defendants Criswell Radovan, LLC, New Cal-Neva Lodge, and others,  
20 filed in the Second Judicial District Court of the State of Nevada in and for the County of  
21 Washoe. Moulin alleges causes of action for damages of approximately \$103,000  
22 arising out of a breach of an employment agreement. The litigation remains stayed by  
23 the automatic stay of section 362(a) of the Bankruptcy Code as to Debtor New Cal-Neva.

24 Prior to the Petition Date, Penta and other holders of Claims asserting statutory  
25 mechanics' liens against Hall and New Cal-Neva commenced litigations seeking a  
26 determination of lien priority of the various claimants. Because the Resort and other real  
27 property straddle both California and Nevada, one lawsuit was commenced in the  
28 Superior Court of the State of California for Placer County, and the other was pending in

1 the Second Judicial District Court of the State of Nevada in and for the County of  
2 Washoe. Both of these state court actions were removed to the Bankruptcy Court.  
3 Since the Petition Date, there has been no activity in either of these cases, but Penta  
4 has filed a new adversary proceeding against Ladera ("Penta Adversary Proceeding")  
5 asserting the same allegations and seeking a determination of lien priority of the various  
6 claimants. The lien priority litigation would be litigated to resolution under the Plan, with  
7 disputed Allowed Secured Claims paid upon resolution of that litigation.

8 **E. Significant Events During the Cases**

9 Both the Cal Neva and New Cal-Neva cases were originally filed in the United  
10 States Bankruptcy Court for the Northern District of California. An order transferring  
11 venue of the both bankruptcy cases from Santa Rosa, California to Reno, Nevada was  
12 entered September 28, 2016, with the effective date of the transfer being October 13,  
13 2016. Upon the transfer of the cases to Reno, they were initially assigned to Bankruptcy  
14 Judge Beasley, but were later reassigned to Bankruptcy Judge Zive.

15 The deadline to file proofs of claim was December 1, 2016 for general unsecured  
16 claims; however, the deadline was extended for certain other creditors pursuant to other  
17 Court orders.

18 On September 13, 2016, the U.S. Trustee appointed the Official Committee of  
19 Unsecured Creditors.

20 By orders entered September 19, 2016 and January 4, 2017, the Bankruptcy  
21 Court approved the Debtor's use of cash collateral and postpetition financing from Hall,  
22 both of which are needed to maintain and preserve the Real Property, pending  
23 completion of the renovation, particularly during the winter season. To date, Hall asserts  
24 that it has advanced approximately \$700,000 since the filing of the Case. Advances for  
25 expenses to preserve the Real Property are both secured advances and entitled to  
26 treatment as super-priority claims.

27 In January 2017, the Bankruptcy Court approved proposed bidding, auction, and  
28 sale procedures for a sale of the assets of both the Debtor and Cal Neva under section

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1 363 of the Bankruptcy Code. No interested party submitted a “Qualified Bid” sufficient to  
2 redeem the outstanding secured debt, and the auction was cancelled. There is no  
3 indication at this time that there is a prospect for a sale in excess of the Secured Claims.

4 On February 23, 2017, Hall filed a motion for relief from the automatic stay of  
5 section 362(a) of the Bankruptcy Code to foreclose on its liens. The Sale to be  
6 consummated under the Plan would resolve the issues raised in Hall’s motion.

7 On March 1, 2017, Ladera filed a motion for relief from the automatic stay of  
8 section 362(a) of the Bankruptcy Code to foreclose on Cal Neva’s membership interests  
9 in New Cal-Neva. The Sale to be consummated under the Plan would resolve the  
10 issues raised in Ladera’s motion.

11 On January 6, 2017, certain members of Cal Neva filed a chapter 11 plan and  
12 disclosure statement in the Cal Neva bankruptcy case. A hearing to consider approval  
13 of the disclosure statement took place on February 21, 2017. Numerous objections to  
14 the disclosure statement were filed with the Bankruptcy Court. At hearings held on  
15 February 21, 2017 and May 2, 2017, the Bankruptcy Court denied approval of the  
16 disclosure statement.

17 On February 27, 2017, Cal Neva and the Debtor filed a joint chapter 11 plan and  
18 disclosure statement in both the Cal Neva bankruptcy case and the New Cal-Neva Case.  
19 At a hearing held May 2, 2017, the Bankruptcy Court denied approval of the disclosure  
20 statement.

21 Thereafter, several additional plans and disclosure statements were filed. On  
22 August 16, 2017, the Court approved for solicitation the plans and disclosure statements  
23 of \_\_\_\_\_, and set a Confirmation Hearing for September \_\_, 2017.

### **SECTION THREE**

#### **DESCRIPTION AND SUMMARY OF THE PLAN**

##### **A. Description and Treatment of Unclassified Claims**

27 In accordance with Bankruptcy Code section 1123(a)(1), Administrative Expense  
28 Claims and Priority Tax Claims have not been classified in the Plan and, therefore, are

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1 excluded from the Classes of Claims and Interests set forth in the Plan. The Plan  
2 provides the following treatment of Administrative Expense Claims and Priority Tax  
3 Claims:

4 **B. Administrative Expense Claims**

5 Generally speaking, Administrative Expense Claims consist of Claims that  
6 accrued or were incurred by the Debtor following the filing of the Case, including, but not  
7 limited to fees and costs incurred by Professionals, costs incurred to maintain and  
8 preserve the Property of the Estate, and obligations incurred in the ordinary course of  
9 business of the Debtor. Pursuant to Bankruptcy Code section 1129(a)(9)(A), for  
10 Administrative Expense Claims not related to Professionals, the Plan provides that  
11 except as otherwise agreed to by the Proponents or the Liquidating Debtor and the  
12 Holder of an Allowed Administrative Expense Claim, each such Holder shall be paid in  
13 full in Cash on the later of (i) as soon as practicable after the date such Allowed  
14 Administrative Expense Claim becomes due in accordance with its terms, and (ii) the  
15 Effective Date. If the Liquidating Debtor or the Debtor Dispute any portion of an  
16 Administrative Expense Claim, the Debtor or the Liquidating Debtor, as applicable, shall  
17 pay the Allowed portion of such Claim in full in Cash within 30 days after the entry of a  
18 Final Order Allowing such Disputed Administrative Expense Claim.

19 **C. Administrative Claims Bar Date**

20 The Plan provides that all requests for payment of administrative costs and  
21 expenses incurred prior to the Effective Date pursuant to Bankruptcy Code §§ 507(a)(1)  
22 and 503(b) must be served and filed with the Bankruptcy Court no later than thirty (30)  
23 days after the Effective Date. Holders of Administrative Claims that are required to, but  
24 do not, file and serve a request for payment of such Claims by the Administrative Claims  
25 Bar Date shall be forever barred, estopped, and enjoined from asserting such Claims  
26 against the Debtor or the Liquidating Debtor or from sharing in any distribution under the  
27 Plan. Objections to such requests, if any, must be filed and served on the Debtor, the  
28 Liquidating Debtor, and the requesting party no later than ninety (90) days after the

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1 Effective Date. Notwithstanding the foregoing, no request for payment of an  
2 Administrative Claim need be filed with respect to an Administrative Claim previously  
3 Allowed by a Final Order, including any and all Administrative Claims expressly Allowed  
4 under the Plan.

5 **D. Professional Fees and Expenses**

6 As soon as practical after the approval of final fee applications, the Plan  
7 Administrator will pay the applicable amount from the Plan Payment, but no less than an  
8 aggregate of \$1,200,000, for Estate Professionals on a pro rata basis after all awards of  
9 such compensation or reimbursement have been granted by the Bankruptcy Court. In  
10 addition, Estate Professionals shall be entitled to share pro-rata in (a) any excess  
11 amounts, if any, remaining from the \$2.2 million Plan Payment after all payments  
12 required thereunder have been made; and (b) the Overbid Carve-out. **The Committee's**  
13 **professionals have agreed that the foregoing treatment of their administrative**  
14 **expense claims is acceptable if this Plan is confirmed. To the extent that the**  
15 **foregoing funds are insufficient to pay in full all Allowed Estate Professional fees**  
16 **and expenses, it is an express condition of Plan Confirmation that all of the other**  
17 **Estate Professionals, i.e., the Debtor's professionals, agree amongst themselves**  
18 **as to how this pool shall be allocated.** The Proponents believe that the Professionals  
19 will cooperate to meet this express condition of confirmation of the Plan since  
20 Professionals will not be paid if the Plan is not confirmed and the Case is dismissed or  
21 the Real Property foreclosed upon.

22 **E. Priority Tax Claims**

23 Priority Tax Claims are those Claims entitled to priority pursuant to Bankruptcy  
24 Code section 507(a)(8). The Plan provides that each holder of an Allowed Priority Tax  
25 Claim shall be paid in full and final satisfaction, settlement, and release of and in  
26 exchange for each Allowed Priority Tax Claim either (i) upon such terms as may be  
27 agreed to between the Proponents or the Plan Administrator and such holder of an  
28 Allowed Priority Tax Claim or (ii) in full in Cash from the Plan Payment on the later of the

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1 Effective Date or the date that such Allowed Priority Tax Claim would have been due if  
2 the chapter 11 case had not been commenced. The Proponents are aware of only one  
3 asserted Priority Tax Claim in the Case, in the amount of \$1,698.32.

4 **F. U.S. Trustee Fees**

5 The Plan provides that the Debtor before the Effective Date or, on or after the  
6 Effective Date, the Liquidating Debtor will pay all U.S. Trustee's Fees in full without prior  
7 approval under 28 U.S.C. § 1930 and will continue to pay all U.S. Trustee's Fees until  
8 the Case is closed, dismissed, or converted to another chapter of the Bankruptcy Code.

9 **G. Description and Treatment of Classified Claims and Interests**

10 As required by the Bankruptcy Code, the Plan places Claims and Interests into  
11 various Classes according to their right to priority and other relative rights. The Plan  
12 specifies whether each Class of Claims or Interests is Impaired, Unimpaired, and the  
13 Plan sets forth the treatment each Class will receive. The table below lists the Classes  
14 of Claims and Interests established under the Plan and anticipated recoveries.

15	<b>Class</b>	<b>Type of Allowed Claim or Equity Interest</b>	<b>Anticipated Recoveries</b>	<b>Status</b>	<b>Impairment/Voting</b>
16	1	Priority Non-Tax Claims	100%	Unimpaired	Conclusively Presumed to Accept
17	2	Secured Claim of Hall CA-NV, LLC	100%	Impaired	Entitled to vote
18	3	Secured Claim of Ladera Development, LLC	100% (if in second position) or 0% (if in third position)	Impaired	Entitled to vote
19					
20					
21					
22	4	Secured Claim of The Penta Building Group, Inc.	100% (if in first position) or 0% (if in third position)	Impaired	Entitled to vote
23					
24					
25	5	Secured Lien Litigation Mechanic's Lien Claims	100% (if in first position) or 0% (if in third position)	Impaired	Entitled to vote
26					
27					
28					

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Class	Type of Allowed Claim or Equity Interest	Anticipated Recoveries	Status	Impairment/Voting
6	Secured Other Mechanic's Lien Claims	0%	Impaired	Entitled to vote
7	Secured Claim of Capital One Bank (USA), N.A.	100%	Unimpaired	Conclusively Presumed to Accept
8	Secured Real Property Tax Claims	100%	Unimpaired	Conclusively Presumed to Accept
9	Other Secured Claims	100%	Impaired	Entitled to vote
10	Convenience Claims (\$750 or less)	100%	Impaired	Entitled to vote
11	General Unsecured Claims	0%	Impaired	Entitled to vote
12	Interests	0%	Impaired	Deemed to Reject

## H. Treatment of Claims and Interests

The following summarizes the treatment of each Class of Claims and Interests in the Plan:

### 1. Class 1 – Priority Non-Tax Claims

i. *Classification:* Class 1 consists of all Priority Non-Tax Claims, which consist of all Allowed Claims entitled to priority under section 507(a) of the Bankruptcy Code other than Administrative Expense Claims and Priority Tax Claims.

ii. *Treatment:* In full and final satisfaction, settlement, and release of and in exchange for each Allowed Priority Non-Tax Claim, on the later of (a) the Effective Date and (b) the date on which such Priority Non-Tax Claim becomes Allowed, or as soon thereafter, each Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash from the Plan Payment.

iii. *Voting:* Class 1 is Unimpaired. Pursuant to Bankruptcy Code section 1126(f), Holders of Allowed Priority Non-Tax Claims are conclusively presumed to accept the Plan and, therefore, are not entitled to vote on the Plan.

### 2. Class 2 – Hall Secured Claim



1 i. *Classification:* Class 2 consists of the Allowed Amount of the  
2 Secured Claim of Hall to the extent Secured by a valid, enforceable lien against  
3 Collateral.

4 ii. *Treatment:* Unless otherwise agreed and if there is no overbid, or if  
5 there is an overbid but not sufficient Sale Proceeds to pay in full the Hall Secured Claim,  
6 the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all  
7 Allowed Lien Litigation Mechanic's Lien Claims, on the Effective Date, Hall will receive,  
8 up to the full amount of its Secured Claim, all Sale Proceeds after (i) the Hall  
9 superpriority administrative claim is paid in full; (ii) all Secured Real Property Tax Claims  
10 are paid in full, (iii) the Overbid Carve-out is paid, and (iv) the Lien Litigation Reserve is  
11 fully funded. Upon completion of the Lien Litigation, Hall shall receive such additional  
12 payments from the Lien Litigation Reserve in the order of priority that Hall shall be  
13 entitled to receive in accordance with the lienholder priority determined after resolution of  
14 the Lien Litigation, up to the full amount of the Hall Secured Claim. If the Hall Secured  
15 Claim is not paid in full from these sources, any deficiency portion will be treated as a  
16 Class 11 claim.

17 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim,  
18 the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all  
19 Lien Litigation Allowed Mechanic's Lien Claims Lien Litigation, Hall will be paid in full on  
20 the Effective Date on account of the Hall Secured Claim.

21 iii. *Liens:* Hall shall not retain any liens or interests in its Collateral or  
22 on the Purchased Assets. If the Hall Secured Claim is not paid in full on the Effective  
23 Date, the liens or security interests of Hall will attach and be perfected after the Effective  
24 Date in the Lien Litigation Reserve as such liens or security interests existed  
25 immediately prior to the Petition Date. Hall's security interest in the Lien Litigation  
26 Reserve shall be deemed fully perfected upon the Effective Date and Hall shall not be  
27 required to file financing statements or other documents to perfect and maintain the  
28 perfection of its security interests in the Lien Litigation Reserve.

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1           iv.     *Voting:* Class 2 is Impaired. The Holder of the Class 2 Claim is  
2 entitled to vote to accept or reject the Plan.

3           **3.     Class 3 – Ladera Secured Claim**

4           i.     *Classification:* Class 3 consists of the Allowed Amount of the  
5 Secured Claim of Ladera Secured by a valid, enforceable lien against Collateral.

6           ii.    *Treatment:* Unless otherwise agreed and if there is no overbid, or if  
7 there is an overbid but not sufficient Sale Proceeds to pay in full the Hall Secured Claim,  
8 the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all  
9 Allowed Lien Litigation Mechanic's Lien Claim, Ladera will receive, up to the full amount  
10 of its claim, from (1) any Sale Proceeds remaining in the Lien Litigation Reserve after the  
11 Hall Secured Claim is paid in full or as Hall otherwise agrees, and the Overbid Carve-out  
12 is paid, and (2) such payments as Ladera may be entitled to receive in accordance with  
13 the order of lienholder priority determined after resolution of the Lien Litigation, up to the  
14 full amount of the Ladera Secured Claim. If the Ladera Secured Claim is not paid in full  
15 from these sources, any deficiency portion will be treated as a Class 11 claim.

16           If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim,  
17 the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all  
18 Allowed Lien Litigation Mechanic's Lien Claims, Ladera will be paid in full on the  
19 Effective Date on account of the Ladera Secured Claim.

20           iii.   *Liens:* Ladera shall not retain any liens or interests in its Collateral  
21 or on the Purchased Assets. If the Ladera Secured Claim is not paid in full on the  
22 Effective Date, the liens or security interests of Ladera will attach and be perfected after  
23 the Effective Date in the Lien Litigation Reserve as such liens or security interests  
24 existed immediately prior to the Petition Date. Ladera's security interest in the Lien  
25 Litigation Reserve shall be deemed fully perfected upon the Effective Date and Ladera  
26 shall not be required to file financing statements or other documents to perfect and  
27 maintain the perfection of its security interests in the Lien Litigation Reserve.

1           iv.     *Voting:* Class 3 is Impaired. The Holder of the Class 3 Claim is  
2 entitled to vote to accept or reject the Plan.

3           **4.     Class 4 – Penta Secured Claim**

4           i.     *Classification:* Class 4 consists of the Allowed Amount of the  
5 Secured Claim of Penta to the extent Secured by a valid, enforceable lien against  
6 Collateral.

7           ii.    *Treatment:* In full satisfaction of Penta’s Secured Claim, unless  
8 otherwise agreed, cash equal to the amount of Penta’s Secured Claim will be paid into  
9 the Lien Litigation Reserve pending the outcome of the Lien Litigation. Upon completion  
10 of the Lien Litigation, Penta shall receive such payments from the Lien Litigation  
11 Reserve in the order of priority that Penta shall be entitled to receive in accordance with  
12 the lienholder priority determined after resolution of the Lien Litigation, up to the full  
13 amount of the Penta Secured Claim. If the Penta Secured Claim is not paid in full, any  
14 deficiency portion will be treated as a Class 11 claim.

15                 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim,  
16 the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all  
17 Allowed Lien Litigation Mechanic’s Lien Claims, Penta will be paid in full on the Effective  
18 Date on account of the Penta Secured Claim.

19           iii.   *Liens:* Penta shall not retain any liens or interests in its Collateral or  
20 on the Purchased Assets. If the Penta Secured Claim is not paid in full on the Effective  
21 Date, the liens or security interests of Penta will attach and be perfected after the  
22 Effective Date in the Lien Litigation Reserve as such liens or security interests existed  
23 immediately prior to the Petition Date. Penta’s security interest in the Lien Litigation  
24 Reserve shall be deemed fully perfected upon the Effective Date and Penta shall not be  
25 required to file financing statements or other documents to perfect and maintain the  
26 perfection of its security interests in the Lien Litigation Reserve.

27           iv.    *Voting:* Class 4 is Impaired. The Holder of the Class 4 Claim is  
28 entitled to vote to accept or reject the Plan.

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1           **5.    Class 5 – Lien Litigation Mechanic’s Lien Claims**

2           i.    *Classification:* Class 5 consists of Allowed Lien Litigation  
3 Mechanic’s Lien Claims to the extent Secured by a valid, enforceable lien against  
4 Collateral.

5           ii.   *Treatment:* In full satisfaction of each Allowed Lien Litigation  
6 Mechanic’s Lien Claim, except to the extent that such a Claim agrees otherwise in  
7 writing, cash from the Sale Proceeds equal to the amount of such Mechanic’s Lien Claim  
8 will be paid into the Lien Litigation Reserve pending the outcome of the Lien Litigation.  
9 Upon completion of the Lien Litigation, such Mechanic’s Lien Claim shall receive  
10 payments, if any, from the Lien Litigation Reserve in the order of priority that such  
11 Allowed Mechanic’s Lien Claims shall be entitled to receive in accordance with the  
12 lienholder priority determined after resolution of the Lien Litigation, up to the full amount  
13 of such Mechanic’s Lien Claim. If any Secured Allowed Lien Litigation Mechanic’s Lien  
14 Claim is not paid in full, any deficiency portion will be treated as a Class 11 claim.

15                 If there are sufficient Sale Proceeds to pay in full the Hall Secured Claim,  
16 the Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all  
17 Allowed Lien Litigation Mechanic’s Lien Claims, all Allowed Lien Litigation Mechanic’s  
18 Lien Claims will be paid in full on the Effective Date on account of each such allowed  
19 Claim.

20           iii.   *Liens:* Lien Litigation Mechanic’s Lien Claims shall not retain any  
21 liens or interests in its Collateral or on the Purchased Assets. If the Lien Litigation  
22 Mechanic’s Lien Claims are not paid in full on the Effective Date, the liens or security  
23 interests of Lien Litigation Mechanic’s Lien Claims will attach and be perfected after the  
24 Effective Date in the Lien Litigation Reserve as such liens or security interests existed  
25 immediately prior to the Petition Date. The Lien Litigation Mechanic’s Lien Claim’s  
26 security interest in the Lien Litigation Reserve shall be deemed fully perfected upon the  
27 Effective Date and the Holders of Mechanic’s Lien Claims shall not be required to file

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1 financing statements or other documents to perfect and maintain the perfection of their  
2 security interests in the Lien Litigation Reserve.

3 iv. *Voting:* Class 5 is Impaired. The Holders of the Class 5 Claims are  
4 entitled to vote to accept or reject the Plan.

5 **6. Class 6 – Other Mechanic’s Lien Claims**

6 i. *Classification:* Class 6 consists of Allowed Other Mechanic’s Lien  
7 Claims to the extent Secured by a valid, enforceable lien against Collateral.

8 ii. *Treatment:* In full satisfaction of each Allowed Other Mechanic’s  
9 Lien Claim, except to the extent that such a Claim agrees otherwise in writing, each  
10 Allowed Other Mechanic’s Lien Claim shall receive such payments, up to the full amount  
11 of such Allowed Mechanic’s Lien Claim, from any Sale Proceeds remaining after the  
12 Overbid Carve-out and Classes 5 and Class 8 are paid in full. If any Secured Allowed  
13 Other Mechanic’s Lien Claim is not paid in full, any deficiency portion will be treated as a  
14 Class 11 claim.

15 If there are sufficient Sale Proceeds to pay the Hall Secured Claim, the  
16 Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all Allowed  
17 Mechanic’s Lien Claims in full, each Allowed Other Mechanic’s Lien Claim will be paid in  
18 full on the Effective Date on account of such Allowed Other Mechanic’s Lien Claim.

19 iii. *Liens:* Other Mechanic’s Lien Claims shall not retain any liens or  
20 interests in its Collateral or on the Purchased Assets.

21 iv. *Voting:* Class 6 is Impaired. The Holders of the Class 6 Claims are  
22 entitled to vote to accept or reject the Plan.

23 **7. Class 7 – Secured Claim of Capital One**

24 i. *Classification:* Class 7 consists of the Allowed Amount of the  
25 Secured Claim of Capital One to the extent Secured by a valid, enforceable lien against  
26 the Fairwinds Estate.

27 ii. *Treatment:* Except to the extent that the Holder of the Allowed  
28 Secured Claim of Capital One agrees to a less favorable treatment in writing, on the

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1 Effective Date, (a) all defaults will be cured on the Effective Date from the Plan Payment  
2 and (b) Buyer will purchase the Fairwinds Estate subject to the Secured Claim of Capital  
3 One, and pay the Class 7 Claim as it becomes due in accordance with its reinstated  
4 terms.

5           iii.     *Liens:* If the Secured Claim of Capital One is not paid in full on the  
6 Effective Date, Capital One's liens or security interests will continue to be attached and  
7 be perfected in the Fairwinds Estate after the Effective Date as such liens or security  
8 interests existed immediately prior to the Petition Date. After the Effective Date, the  
9 Capital One deed of trust on the Fairwinds Estate shall continue to be fully perfected  
10 upon the Effective Date and Capital One shall not be required to file financing  
11 statements or other documents to perfect and maintain the perfection of its security  
12 interests. Provided, however, that Capital One may file such financing statements and  
13 other documents as it may determine to perfect and maintain the perfection of its  
14 security interests in the Fairwinds Estate.

15           iv.     *Voting:* Class 7 is Unimpaired. Pursuant to Bankruptcy Code  
16 section 1126(f), the Holder of the Class 7 Claim is conclusively presumed to accept the  
17 Plan and, therefore, is not entitled to vote on the Plan.

18           **8.     Class 8 – Secured Real Property Tax Claims**

19           i.     *Classification:* Class 8 consists of Allowed Secured Real Property  
20 Tax Claims to the extent Secured by a valid, enforceable lien against Collateral.

21           ii.     *Treatment:* Except to the extent that the Holder of an Allowed  
22 Secured Real Property Tax Claim agrees to a less favorable treatment in writing, on the  
23 Effective Date, the Plan Administrator will pay each Allowed Secured Real Property Tax  
24 Claim in Cash on the Effective Date from the Sale Proceeds.

25           iii.     *Voting:* Class 8 is Unimpaired. Pursuant to Bankruptcy Code  
26 section 1126(f), the Holder of the Class 8 Claims is conclusively presumed to accept the  
27 Plan and, therefore, is not entitled to vote on the Plan.

1           **9.     Class 9 – Other Secured Claims**

2           i.     *Classification:* Class 9 consists of all Allowed Secured Claims,  
3 including the Allowed Property Tax Secured Claims other than the Secured Claims of  
4 Hall, Ladera, Penta, Capital One, or Allowed Mechanic’s Lien Claims.

5           ii.    *Treatment:* Except to the extent that a Holder of an Allowed Other  
6 Secured Claim agrees otherwise in writing, each Other Secured Claim shall receive such  
7 payments from any Sale Proceeds remaining after the Overbid Carve-out and Classes 2  
8 through 6 and Class 8 are paid in full, up to the full amount of such Other Secured Claim.  
9 If any Allowed Other Secured Claim is not paid in full, any deficiency portion will be  
10 treated as a Class 11 claim. The Proponents are not aware of any Other Secured  
11 Claims.

12                     If there are sufficient Sale Proceeds to pay the Hall Secured Claim, the  
13 Ladera Secured Claim, the Penta Secured Claim, the Overbid Carve-out, and all Allowed  
14 Mechanic’s Lien Claims and all Allowed Other Secured Claims in full, each Allowed  
15 Other Secured Claim will be paid in full on the Effective Date on account of such Allowed  
16 Other Secured Claim.

17           iii.   *Liens:* Other Secured Claims shall not retain any liens or interests  
18 in its Collateral or on the Purchased Assets after the Effective Date.

19           iv.    *Voting:* Class 9 is Impaired. The Holders of the Class 9 Claims are  
20 entitled to vote to accept or reject the Plan.

21           **10.    Class 10 – Convenience Claims**

22           i.     *Classification:* Class 10 consists of all Convenience Claims, which  
23 shall be all General Unsecured Claims with an Allowed amount of \$750.00 or less.

24           ii.    *Treatment:* The holders of Allowed Convenience Claims in the  
25 Case in full in Cash from the Plan Payment on the later of (i) the date such Convenience  
26 Claim becomes due in accordance with its terms, and (ii) thirty (30) days after the  
27 Effective Date.

1           iii.     *Voting:* Class 10 is Impaired. The Holders of the Class 10 Claims  
2 are entitled to vote to accept or reject the Plan.

3           **11.   Class 11 – General Unsecured Claims**

4           i.     *Classification:* Class 11 consists of General Unsecured Claims  
5 other than Convenience Claims.

6           ii.    *Treatment:* Unless otherwise agreed by the holder of a General  
7 Unsecured Claim and the Proponent, and until each Holder of an Allowed General  
8 Unsecured Claim receives 100% of such Holder’s Allowed General Unsecured Claim  
9 without interest, each Holder of an Allowed General Unsecured Claim shall receive, on  
10 account of such Holder’s Allowed General Unsecured Claim, (1) such Holder’s Pro Rata  
11 share of the GUC Share, if any, and (2) such Holder’s Pro Rata share of the Sale  
12 Proceeds, if any, after Classes 1 through 6 and Classes 8 through 10 are paid in full.

13          iii.    *Voting:* Class 11 is Impaired. The Holders of the Class 11 Claims  
14 are entitled to vote to accept or reject the Plan.

15          **12.   Class 12 – Interests**

16          i.     *Classification:* Class 12 consists of Interests in Debtor.

17          ii.    *Treatment:* On the Effective Date, all Interests shall receive 100%  
18 of proceeds from Litigation Trust, after payment of all Allowed Class 11 Claims in full, on  
19 account of such Holder’s Interest the Old Equity Share and any Sale Proceeds after  
20 Allowed Class 11 Claims paid in full.

21          iii.    *Voting:* Class 12 is Impaired. The Holders of the Class 12 Interests  
22 are entitled to vote to accept or reject the Plan.

23                               **SECTION FOUR**

24                               **TREATMENT EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

25          **A.    Assumed Executory Contracts and Unexpired Leases**

26               The Debtor will assume and assign to Buyer only the following executory  
27 contracts or unexpired leases effective as of the Effective Date of this Plan, with the  
28 following cure amounts payable on the Effective Date of this Plan:

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Name of Contract Counterparty(ies)	Executory Contract or Unexpired Lease and cure amount.	Cure Amount
Collaborative Design Studio	Agreement re Revised A/E Services for Cal Neva Lodge Renovation, dated November 12, 2013	<b>TBD</b>

Buyer will be fully obligated on such assumed contracts from and after the Effective Date, and all counterparties shall be likewise obligated on such assumed contracts under section 365 of the Bankruptcy Code. To the extent necessary, the financial wherewithal of Lawrence will be proven with evidence at the Confirmation Hearing to the extent that any party with standing seeks such a demonstration. The Proponents submit that such demonstration constitutes adequate assurance of future performance within the meaning of section 365(b) and (f) of the Bankruptcy Code. The Proponents submit that the procedures for a Potential Bidder to become a Qualified Bidder will demonstrate the Qualified Bidder's financial wherewithal, as will be proven to the extent any party with standing seeks such a demonstration with evidence at the Confirmation Hearing, constitutes adequate assurance of future performance within the meaning of section 365(b) and (f) of the Bankruptcy Code.

**ANY NON-DEBTOR PARTY TO ANY EXECUTORY CONTRACT THAT OBJECTS TO THE ABOVE CURE AMOUNTS OR ADEQUATE ASSURANCE OF FUTURE PERFORMANCE AND THE ASSUMPTION AND ASSIGNMENT TO LAWRENCE OF SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE MUST FILE AN OBJECTION IN THE BANKRUPTCY COURT AND SERVE IT ON THE DEBTOR AND THE PROPONENTS AT LEAST FIVE (5) DAYS BEFORE THE CONFIRMATION HEARING.**

Any counterparty to the above executory contracts or unexpired leases who fails to file an objection to the proposed cure amounts, adequate assurance, assumption or assignment prior to the entry of the Confirmation Order will be deemed to have accepted

1 such cure amount in full satisfaction and cure of all defaults and other amounts due  
2 through and including the Effective Date, and will have no further claim against the  
3 Debtor or Buyer therefor. Further such counterparties shall be deemed to have  
4 consented to the assumption and assignment of the foregoing executory contracts, and  
5 be deemed to have been provided with adequate assurance of future performance of  
6 their assigned executory contract or unexpired lease by the Buyer.

7 In the event of a dispute regarding (i) the amount of any payments to cure such a  
8 default, (ii) the ability of Buyer to provide "adequate assurance of future performance,"  
9 within the meaning of Bankruptcy Code section 365, under the executory contract or  
10 unexpired lease to be assumed, or (iii) any other matter pertaining to assumption, the  
11 cure payments required by Bankruptcy Code section 365(b)(1) shall be made following  
12 the entry of a Final Order or orders resolving the dispute and approving the assumption.  
13 Assumption of any executory contract or unexpired lease pursuant to the Plan or  
14 otherwise shall result in the full release and satisfaction of any Claims or defaults,  
15 whether monetary or nonmonetary, arising under any assumed executory contract or  
16 unexpired lease at any time before the effective date of the assumption.

17 No Assumption and Cure Order assigning an Assumed Executory Contract to  
18 Buyer shall be effective unless and until the Effective Date. If any executory contract  
19 has been inadvertently left off of the above list of executory contracts to be assumed, the  
20 Proponents reserves their rights to modify this Plan to cause Debtor to assume and  
21 assign to Buyer any such executory contract on appropriate notice to the counterparty to  
22 such contract, by filing an amended list of assumed executory contracts at any time up to  
23 and including the Effective Date.

#### 24 **B. Rejected Executory Contracts and Unexpired Leases**

25 The Debtor will be conclusively deemed to have rejected, and the Buyer  
26 conclusively deemed not to have assumed or taken by assignment, all executory  
27 contracts and unexpired leases not expressly assumed under Section V.A above upon  
28 the Effective Date. This includes all executory contracts and unexpired leases

1 regardless of whether the Debtor contends that it is a party to the agreement, without  
2 admitting any liability or obligations under such agreements. The rejected executory  
3 contracts and unexpired leases include, but are not limited to, the Condo Purchase  
4 Discount Agreements with (i) Michael and Sharon Dixon; (ii) Brandyn Iverson; (iii) Paul  
5 Jameson; and (iv) Charles R. and Judy G. Munnerlyn.

6 A proof of a claim arising from the rejection of an executory contract or unexpired  
7 lease under this section must be filed no later than the Claims Bar Date, which is thirty  
8 (30) days after the Effective Date. Any Claims arising from the rejection of an executory  
9 contract or unexpired lease not filed within such time will be automatically disallowed,  
10 forever barred from assertion, and shall not be enforceable against the Debtor, Buyer or  
11 their assets or properties, without the need for any objection by the Debtor or Buyer, or  
12 further notice to, or action, order, or approval of the Bankruptcy Court. All Allowed  
13 Claims arising from the rejection of the Debtor's executory contracts or unexpired leases  
14 shall be classified as General Unsecured Claims, and shall be treated in accordance  
15 with Section IV.B.10 of the Plan. The deadline to object to Claims arising from the  
16 rejection of executory contracts or unexpired leases, if any, shall be ninety (90) days  
17 following the date on which such Proof of Claim was filed.

18 **SECTION FIVE**

19 **MEANS FOR IMPLEMENTATION OF THE PLAN**

20 Proponents will implement the Plan as follows

21 **A. Sale of Property under Asset Purchase Agreement**

22 **1. Sale Procedures**

23 At the Confirmation Hearing, the Debtor shall sell the Purchased Assets to Buyer,  
24 pursuant to the terms of the Asset Purchase Agreement, subject to overbidding, based  
25 on the following sale procedures:

26 a. An initial overbid Purchase Price of at least \$35,900,000.00, and the  
27 overbidder must commit to funding the \$2,200,000.00 Plan Payment to be used for the  
28 **Plan Obligations.**

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1           b. There are no contingencies to the purchase of the Purchased  
2 Assets other than (i) a Final Order of the Bankruptcy Court providing approval for the  
3 Sale and the Debtor's delivery of title to the Purchased Assets free and clear of all liens,  
4 claims and interests (except the Secured Claim of Capital One with respect to the  
5 Fairwinds Estate), and (ii) the Debtor's delivery of title to the Purchased Assets free and  
6 clear of all liens, claims and interests at Closing (except the Secured Claim of Capital  
7 One with respect to the Fairwinds Estate).

8           c. All Potential Bidders must execute the Bid Contract, which shall be  
9 in substantially the same form as the Asset Purchase Agreement, attached as Exhibit 1  
10 to the Plan.

11           d. The Proponents will accept applications from potential bidders  
12 seeking qualification to submit Qualified Bids until the Qualification Deadline. All due  
13 diligence by any Potential Bidder must be completed prior to the Potential Bidder making  
14 a Qualified Bid.

15           e. Each Potential Bidder shall deliver written and electronic copies of  
16 its bid materials on or before the Bid Deadline to: (i) counsel for Lawrence, DLA Piper,  
17 LLP, Eric Goldberg, by email: eric.goldberg@dlapiper.com; (ii) counsel for the  
18 Committee, Pachulski Stang Ziehl & Jones LLP, John Fiero and Shirley Cho, by email:  
19 jfiero@pszjlaw.com and scho@pszjlaw.com; (iii) counsel for Hall, Frank Wright, by  
20 email: fwright@gardere.com; (iv) counsel for Ladera, Jason Rios, by email:  
21 jrios@ffwplaw.com; (v) counsel for Penta, Dawn Cica by email: dcica@mccnvlaw.com;  
22 (vi) counsel to the Debtor, Peter Benvenuti and Jane Kim, by email:  
23 pbenvenuti@kellerbenvenuti.com and jkim@kellerbenvenuti.com; and (vii) counsel for  
24 the United States Trustee, William Cossitt, by email, bill.cossitt@usdoj.gov. An  
25 application by potential bidders seeking qualification to submit Qualified Bids is a signed  
26 document or documents from a Potential Bidder that provide(s), at a minimum, the  
27 following:

28           i. An acknowledgement that the initial overbid amount must be at least

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1 a \$35,900,000.00 Purchase Price, and the overbidder must commit to funding the  
2 \$2,200,000.00 Plan Payment to be used for the Plan Obligations;

3 ii. identify the bidder and any principals, owners, members, or  
4 shareholders of the bidder and evidence of the Potential Bidder's source of capital, other  
5 financial ability to complete the contemplated transactions, and conform to Federal  
6 requirements if the funds are obtained offshore and/or from a foreign national who is not  
7 a United States citizen;

8 iii. the Potential Bidder acknowledges and agrees that the Potential  
9 Bidder shall be purchasing the Purchased Assets, including the Real Property and the  
10 Fairwinds Estate, in their present "as is/where is" condition and with all faults and defects  
11 and that no party has made (and will expressly disclaim), either expressly or implied, any  
12 representations, guaranties, promises, statements, assurances or warranties of any kind  
13 concerning the conditions of the Purchased Assets, including the Real Property and the  
14 Fairwinds Estate;

15 iv. the Potential Bidder shall assume all obligations and liabilities with  
16 respect to the condition of the Purchased Assets, including the Real Property and the  
17 Fairwinds Estate;

18 v. the bid is not subject to any due diligence or financing contingency  
19 and is irrevocable until two business days following the Closing, subject to satisfaction of  
20 any conditions precedent to Closing contained in the Asset Purchase Agreement or Bid  
21 Contract;

22 vi. the bid does not entitle the Potential Bidder to any break-up fee,  
23 topping fee, termination fee, expense reimbursement or similar type of payment,  
24 reimbursement or broker commission;

25 vii. acknowledgments and representations that the Potential Bidder: (a)  
26 has had an opportunity to conduct any and all required due diligence regarding the  
27 Purchased Assets prior to making its offer; (b) has relied solely upon its own  
28 independent review, investigation and/or inspection of any documents and/or the

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1 Purchased Assets in making its bid; (c) has prepared its bid, and will participate in the  
2 Auction, without collusion with any other party; and (d) did not rely upon written or oral  
3 statements, representations, promises, warranties or guaranties whatsoever, whether  
4 express or implied (by operation of law or otherwise), regarding the Purchased Assets or  
5 the completeness of any information provided in connection therewith, except as  
6 expressly stated in the Bid Contract;

7           viii. the bid contains a commitment by the Potential Bidder to be  
8 prepared to provide admissible evidence in the form of affidavits or declarations  
9 establishing the Potential Bidder's good faith and lack of collusion, within the meaning of  
10 section 363(m) of the Bankruptcy Code; and

11           ix. the bid contains information sufficient to demonstrate the Potential  
12 Bidder's ability to provide adequate assurance of future performance with respect to the  
13 assumption of any executory contracts and unexpired leases.

14           f. In addition, any Potential Bidder (other than Lawrence, which is  
15 deemed to have already satisfied the following conditions) must accompany its  
16 application with: (1) a deposit by cashier's check payable to New Cal-Neva Lodge, LLC,  
17 in the amount of \$2,000,000, or a wire transfer to counsel for the Committee's client trust  
18 fund account (any such deposit, a "Good Faith Deposit"); (2) written evidence of  
19 available cash or a commitment for financing and such other evidence of ability to  
20 consummate the transaction contemplated by the applicable Bid Contract as the  
21 Proponents may reasonably request; (3) a copy of a board resolution or similar  
22 document demonstrating the authority of the Potential Bidder to make a binding and  
23 irrevocable bid on the terms proposed; and (4) any pertinent factual information  
24 regarding the Potential Bidder's operations that would assist the Proponents in their  
25 analysis of the bid. Good faith deposits by unsuccessful bidders will be returned at the  
26 conclusion of the bidding.

27           g. Any application received from a Potential Bidder that meets the  
28 above requirements and is determined by the Consent Parties (Debtor, Committee, Hall

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1 and Penta) will be considered a “Qualified Bidder,” and each Potential Bidder that  
2 submits a bid shall be deemed to have incorporated each of these terms into its bid(s) as  
3 a “Qualified Bid.” The Proponents shall notify Potential Bidders whether their application  
4 has been accepted as a Qualified Bidder within 48 hours of the Qualification Deadline.

5 h. The Auction will be held at the Confirmation Hearing, at the United  
6 States Bankruptcy Court, Clifton Young Federal Building, 300 Booth Street, Bankruptcy  
7 Courtroom, Fifth Floor, Courtroom 1, Reno, Nevada, before the Honorable Gregg W.  
8 Zive, United States Bankruptcy Judge in conjunction with the Confirmation Hearing.

9 i. After any initial qualified overbid of at least \$35,900,000.00  
10 Purchase Price and the overbidder committing to fund the \$2,200,000.00 Plan Payment  
11 to be used for the Plan Obligations, each subsequent overbid must exceed the current  
12 highest offer by a minimum of \$100,000.

13 j. All overbid amounts must be payable in cash in full on Closing.

14 k. The successful bidder will be required to close the sale, subject to  
15 the satisfaction of any conditions precedent to Closing contained in the Asset Purchase  
16 Agreement or Bid Contract, within ten (10) days of the Confirmation Order becoming  
17 final, provided that there is no stay in effect.

18 **2. Closing**

19 a. Upon entry of the Confirmation Order, the Debtor is authorized and  
20 directed to enter into the Asset Purchase Agreement or Buyer’s Bid Contract and the  
21 Transaction Documents, and to take such steps as are necessary, reasonable or  
22 convenient to effectuate the Closing. Subject to the terms of the Confirmation Order and  
23 to any conditions to the Closing that remain to be satisfied, the Asset Purchase  
24 Agreement or Buyer’s Bid Contract and the transactions contemplated therein are  
25 approved. On the Effective Date, the Asset Purchase Agreement or Buyer’s Bid  
26 Contract and the Transaction Documents shall be binding upon and enforceable against  
27 Buyer and the Debtor, as well as their respective managers, employees and agents.

28 The Asset Purchase Agreement, or Buyer’s Bid Contract, as the case may be, is

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1 incorporated herein by reference and shall be deemed part of this Plan.

2 b. Without limiting the generality of the foregoing, and without altering  
3 the terms of the Asset Purchase Agreement or Buyer’s Bid Contract in any manner, on  
4 (or where appropriate, after) the Effective Date, the following actions shall occur:

5 i. The purchase and sale transaction contemplated under the  
6 Asset Purchase Agreement or Buyer’s Bid Contract shall be consummated;

7 ii. Buyer shall, among other things, pay the Purchase Price and  
8 the Plan Payment to the Debtor;

9 iii. Each Cure Obligation required to be paid under Bankruptcy  
10 Code section 365(b)(1) to a non-debtor party under an Assumed Executory Contract  
11 shall be paid to such party by the Debtor from the Plan Payment on or before the  
12 Effective Date;

13 iv. The Debtor shall take such steps as are required under the  
14 Asset Purchase Agreement or Buyer’s Bid Contract to effectuate the sale of assets to  
15 Buyer; and

16 v. The Purchased Assets shall be transferred to Buyer free and  
17 clear of all Liens and Claims other than the Lien of Capital One on the Fairwinds Estate,  
18 subject to satisfaction of any conditions precedent to Closing contained in the Asset  
19 Purchase Agreement or Bid Contract.

20 c. Buyer shall be entitled to determine the allocation of the Purchase  
21 Price for tax reporting purposes.

22 d. There shall be no commissions payable under this Plan to any party  
23 with respect to this Plan or to the sale of the Purchased Assets to Buyer.

24 It is anticipated that the Sale Proceeds will be distributed as follows:

25 **New Cal-Neva Sale Proceeds**

26 Sale Proceeds \$ 35,800,000



1	Unclassified	Hall Superpriority Claim	\$	719,900 (partially disputed)
2	Class 8	Real Property Claims	\$	167,215
3	Classes 2-5	Disputed Lien Litigation Reserve	\$	10,124,254
4	Class 2	Secured Claim of Hall CA-NV, LLC	\$	24,788,631 (partially disputed)

The Plan Payment will pay the following Plan Obligations:

**New Cal-Neva Plan Obligations Due on Effective Date**

9	Unclassified	Non-Professional Administrative Claims	\$	142,000 (est.)
10	Unclassified	Professional Administrative Claims	\$	1,200,000
11	Unclassified	Priority Tax Claims	\$	1,698
12	Unclassified	U.S. Trustee Fees	\$	325
13	Class 1	Priority Non-Tax Claims	\$	2,666
14	Class 7	Secured Claim of Capital One Bank	\$	500,000 (est. cure)
15	Class 10	Convenience Class	\$	1,770
16	Class 11	General Unsecured Claims/Litigation Trust	\$	<u>50,000</u>
17			\$	1,898,459
18	Reserve for Plan Administrator and Post-Effective Date UST Fees		\$	<u>25,000</u>
19			\$	1,923,459
20	Fairwinds Property Taxes			35,000
21	Cure Payments& additional prof'l fees			<u>241,541</u>
22		<b>Total Plan Payments</b>		<b>\$2,200,000</b>

**B. Transfer of Fairwinds Estate**

After entry of the Confirmation Order, the Plan authorizes and directs CR Lake Tahoe to dissolve, if necessary, and cause 9898 Lake to transfer by grant deed all of 9898 Lake's right, title and interest in the Fairwinds Estate to the Debtor, subject to the

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1 Secured Claim of Capital One. On the Effective Date and as part of the Closing, the  
2 Debtor shall transfer the Fairwinds Estate to the Buyer by grant deed free and clear of all  
3 Liens and Claims other than the Secured Claim of Capital One, which shall be cured,  
4 reinstated and paid by the Buyer as provided for in Article IV.B.7 of the Plan.

5 **C. Plan Administrator**

6 On and after the Effective Date, the Liquidating Debtor shall continue to engage in  
7 its wind-down operations and may use, acquire, dispose of and/or abandon Estate  
8 Assets without supervision by the Bankruptcy Court and free of any restrictions under  
9 the Bankruptcy Code or the Bankruptcy Rules, except as set forth in this Plan. The  
10 Liquidating Debtor will not continue or engage in the conduct of any trade or business,  
11 except to the limited extent necessary to accomplish the liquidation and distribution of  
12 the Estate Assets.

13 The Plan provides that the Liquidating Debtor shall be managed by a Plan  
14 Administrator who shall be Amanda Demby of Province, Inc. Ms. Demby has extensive  
15 experience winding down estates and serving as liquidating trustees, including those of  
16 Radio Shack, Eddie Bauer, and Orchard Supply Hardware Stores. The Plan provides  
17 that the Plan Administrator shall automatically be appointed the Plan Administrator on  
18 the Effective Date, unless the Court changes the date of appointment in the Confirmation  
19 Order. The Plan Administrator shall be paid reasonable compensation and expense  
20 reimbursement by the Liquidating Debtor, and that such compensation may be made  
21 from the Liquidating Debtor Reserve.

22 The Plan Administrator may investigate claims, objections or defenses and may  
23 assert, settle, abandon, or enforce any such affirmative claims, objections or defenses  
24 without supervision by the Bankruptcy Court and free of any restrictions under the  
25 Bankruptcy Code or the Bankruptcy Rules. In the course of any ongoing investigations,  
26 the Plan Administrator shall have the right post-confirmation to utilize Bankruptcy Rule  
27 2004 examinations, including the issuance of subpoenas, and such future examinations  
28 and subpoenas shall be deemed to have been approved and authorized by the Plan and

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1 may be issued without further order of the Court. To the extent any litigation is already  
2 pending on the Effective Date, the Liquidating Debtor as successor to the Debtor and the  
3 Committee may continue the prosecution of such litigation and such litigation shall be  
4 authorized without further order of the Court.

5 **D. Successor Plan Administrator**

6 If the Plan Administrator resigns or is otherwise unwilling to perform its duties  
7 under this Plan, a successor Plan Administrator shall be appointed by the Oversight  
8 Committee (discussed below).

9 **E. Litigation Trust**

10 On the Effective Date, the Litigation Trust shall be established pursuant to the  
11 Litigation Trust Agreement for the purpose of investigating and prosecuting the Trust  
12 Causes of Action (as determined by the Litigation Trustee) and making distributions (if  
13 any) to Litigation Trust Beneficiaries in accordance with the terms of the Plan. The  
14 Litigation Trust shall have a separate existence from the Liquidating Debtor. The  
15 Litigation Trust's prosecution of any of the Trust Causes of Action will be on behalf of  
16 and for the benefit of the Litigation Trust Beneficiaries. The Litigation Trust shall be  
17 governed by an Oversight Committee, who shall be the members of the Committee as of  
18 the Effective Date. The Litigation Trustee shall be the same individual as the Plan  
19 Administrator.

20 The Litigation Trust and the Litigation Trustee will each be a "representative" of  
21 the Estates under section 1123(b)(3)(B) of the Bankruptcy Code, and the Litigation  
22 Trustee will be the trustee of the Litigation Trust Assets for purposes of 31 U.S.C. §  
23 3713(b) and 26 U.S.C. § 6012(b)(3), and, as such, the Litigation Trustee succeeds to all  
24 of the rights, powers and obligations of a trustee in bankruptcy with respect to collecting,  
25 maintaining, administering and liquidating the Litigation Trust Assets. In pursuing the  
26 Trust Causes of Action, the Litigation Trustee shall be entitled to the tolling provisions  
27 provided under section 108 of the Bankruptcy Code, and shall succeed to the Debtor's  
28 rights with respect to the time periods in which any of the Trust Causes of Action may be

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1 brought under section 546 of the Bankruptcy Code.

2 The Litigation Trustee will distribute the Litigation Trust Assets (or the proceeds  
3 thereof) in accordance with the provisions of the Plan and the Litigation Trust  
4 Agreement. Other rights and duties of the Litigation Trustee and the beneficiaries of the  
5 Litigation Trust will be as set forth in the Litigation Trust Agreement.

6 The Litigation Trust Expenses will be paid from the Litigation Trust Assets in  
7 accordance with the Plan and the Litigation Trust Agreement. The Liquidating Debtor  
8 shall have no obligations to satisfy or have liability for any Litigation Trust Expenses.

9 The Litigation Trust Agreement may include reasonable and customary  
10 indemnification provisions in favor of the Litigation Trustee. Any such indemnification will  
11 be the sole responsibility of the Litigation Trust.

12 The Litigation Trust is intended to be treated, for federal income tax purposes, as  
13 a grantor trust that is a liquidating trust within the meaning of Treasury Regulations  
14 section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade  
15 or business. The Litigation Trust Beneficiaries will be treated for U.S. federal income tax  
16 purposes as the grantors and deemed owners of their respective shares of the Litigation  
17 Trust Assets.

18 The Litigation Trust Agreement will provide that termination of the trust will occur  
19 no later than five years after the Effective Date, unless the Bankruptcy Court approves  
20 an extension based upon a finding that such an extension is necessary for the Litigation  
21 Trust to complete its liquidating purpose. The Litigation Trust Agreement also will limit  
22 the investment powers of the Litigation Trustee in accordance with IRS Rev. Proc. 94-45  
23 and will require the Litigation Trust to distribute at least annually to the Litigation Trust  
24 Beneficiaries (as such may have been determined at such time) its net income (net of  
25 any payment of or provision for Taxes), except for amounts retained as reasonably  
26 necessary to maintain the value of the Litigation Trust Assets.

27 **F. Vesting of Assets of the Estate**

28 On the Effective Date, except as otherwise provided in the Plan, all Purchased

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1 Assets shall vest in Buyer free and clear of all Liens and Claims, including, without  
2 limitation, all real and personal Property, all Retained Causes of Action purchased by the  
3 Buyer, interests, claims, choses in action, and all rights under any contracts assumed  
4 hereunder (executory or otherwise), against any Person. On the Effective Date, except  
5 as otherwise provided in the Plan, all Retained Causes of Action not purchased by the  
6 Buyer shall vest in the Liquidating Debtor free and clear of all Liens and Claims. On the  
7 Effective Date, except as otherwise provided in the Plan, all Trust Causes of Action and  
8 other Litigation Trust Assets shall vest in the Litigation Trust free and clear of all Liens  
9 and Claims.

#### 10 **G. Amendment of Operating Agreement**

11 Upon the Effective Date, or such other time as is set forth in the Confirmation  
12 Order or other separate Order, the Debtor's Operating Agreement shall be deemed  
13 amended to replace the existing manager of the Debtor with the Plan Administrator, and  
14 Cal Neva and any other entity in control of the Debtor shall be relieved of its  
15 responsibilities for the Debtor. The Liquidating Debtor, as represented by the Plan  
16 Administrator, shall be authorized to execute such other documents as are necessary  
17 and appropriate to carry out the provisions of this Plan, without the necessity of filing  
18 such documents with the Bankruptcy Court.

#### 19 **H. Exemption from Certain Taxes and Fees**

20 In accordance with section 1146(a) of the Bankruptcy Code, the making delivery,  
21 filing or recording of any mortgages, deeds of trust, leasehold mortgages, leases  
22 (whether recorded or unrecorded) and/or the various instruments and documents of  
23 transfer as specified in or contemplated by this Plan (collectively, "Instruments of  
24 Transfer") and/or the exhibits hereto or related implementing documents, are hereby  
25 exempt from taxation under any law imposing a recording tax, stamp tax, transfer tax, or  
26 any similar tax. The appropriate state and local government officers are hereby directed  
27 to accept for filing or recording all Instruments of Transfer or other documents of transfer  
28 to be filed and recorded in accordance with the Plan and the exhibits thereto, without

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1 payment of any such tax or government assessment, and without the presentation of  
 2 any affidavits, instruments, or returns otherwise required for recording other than the  
 3 Confirmation Order. The Bankruptcy Court retains jurisdiction to enforce the foregoing  
 4 direction by contempt proceedings or otherwise.

5 **I. Preservation of Causes of Action**

6 **1. Retained Causes of Action**

7 With respect to Causes of Action not released by this Plan, the Debtor reserves  
 8 and conveys to Buyer, and the Bankruptcy Court’s Confirmation Order will be deemed to  
 9 authorize, Buyer to pursue all rights in and to all Retained Causes of Action and  
 10 defenses sold or assigned to Buyer whenever arising, whether arising from the pre-  
 11 Petition Date or post-Petition Date periods, including, without limitation, all Causes of  
 12 Action or defenses that arose in the ordinary course of business from the operation of  
 13 the Debtor’s businesses or relate to alleged or asserted secured claims against the  
 14 Property. Retained Causes of Action do not include any insurance contracts or  
 15 proceeds relating to Causes of Action transferred to the Litigation Trust. A Retained  
 16 Cause of Action shall be the property of Buyer if sold or assigned to Buyer under the  
 17 Asset Purchase Agreement or Buyer’s Bid Contract and shall be property of the  
 18 Liquidating Debtor if not so sold or assigned. If there is a dispute as to what is a  
 19 Retained Cause of Action and what is a Trust Cause of Action, such dispute shall be  
 20 decided by the Court upon notice and motion.

21 After the Effective Date, the proceeds of all Retained Causes of Action not  
 22 released or sold or assigned to Buyer shall belong solely to the Liquidating Debtor. All  
 23 Retained Causes of Action shall include, without limitation, the following:

Claim	Potential Counterparty (if known)
Claims that arose in the ordinary course of business from the operation of the Debtor’s businesses including Causes of Action and defenses related to accounts receivable and accounts payable	
Claims that arose in the ordinary course of business from the operation of the Debtor’s	

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Claim	Potential Counterparty (if known)
businesses including Causes of Action and defenses related to construction or renovation of the Real Property	
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to violations of any confidentiality provision, non-compete provision, non-solicitation provision, or any similar restrictive covenant	
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to insurance contracts	
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to security deposits or any other type of deposit or collateral	
Claims that arose in the ordinary course of business from the operation of the Debtor's businesses including Causes of Action and defenses related to assumed Executory Contracts or Unexpired Leases	
Claims arising out of that certain Exchange Agreement concerning the Fairwinds Estate	Paul and Evy Paye, LLC or their successors or assigns
Claims for setoff or recoupment re the above	
Claims for avoidance of liens and security interests	

Liquidating Debtor, in its sole and absolute discretion, shall determine whether to bring, settle, release, compromise, or enforce Retained Causes of Action retained by the Liquidating Debtor (or decline to do any of the foregoing), and shall not be required to seek further approval of the Bankruptcy Court for such action. **No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Retained Cause of Action against them as any indication that Buyer or Liquidating Debtor will not pursue any and all available Retained Causes of Action against them.** Liquidating Debtor expressly reserves all rights to prosecute any and all

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1 **Retained Causes of Action against any Person except at otherwise provided in the**  
 2 **Plan.** Unless any Retained Cause of Action against a Person is expressly waived,  
 3 relinquished, exculpated, released, compromised, or settled in this Plan or an order of  
 4 the Bankruptcy Court, Liquidating Debtor expressly reserves all Retained Causes of  
 5 Action retained by the Liquidating Debtor for later adjudication and, therefore, no  
 6 preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue  
 7 preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall  
 8 apply to such Retained Causes of Action upon, after, or as a consequence of  
 9 Confirmation or the Effective Date of the Plan.

10 **2. Trust Causes of Action**

11 Except as released by the Plan, the Debtor reserves and conveys to the Litigation  
 12 Trust, and the Bankruptcy Court’s Confirmation Order will be deemed to authorize, the  
 13 Litigation Trustee to pursue all rights in and to all Trust Causes of Action and defenses  
 14 whenever arising, whether arising from the pre-Petition Date or post-Petition Date  
 15 periods, including, without limitation, all claims unfair or deceptive business practice,  
 16 fraud, fraud in the inducement, tort, theft of trade secrets, misappropriation, duress,  
 17 fraudulent transfer, avoidance, unjust enrichment, breach of contract, setoff, or otherwise  
 18 against all Persons against whom the Debtor has any such Causes of Action. After the  
 19 Effective Date, the proceeds of all such Trust Causes of Action shall belong solely to the  
 20 Litigation Trust. Further, the Proponents believe it will be the Litigation Trustee’s intent  
 21 to prosecute all such Trust Causes of Action. All such Trust Causes of Action shall  
 22 include, without limitation, the following:

<b>Claim</b>	<b>Potential Counterparty (if known)</b>
Claims for improper transfer of assets	Insiders and/or their transferees or alter egos
Claims against the sponsor/developer, or alter egos of the sponsor/developer	Insiders and/or their transferees or alter egos
Claims against Thannisch Development Services Inc.	Thannisch Development
Claims against Case Development	Case Development

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Claim	Potential Counterparty (if known)
Any claims for preferential or fraudulent transfers against any third party arising under chapter 5 of the Bankruptcy Code or their state law analogs that existed as of the Effective Date of the Plan	Any third party that received a payment from the Debtor or its parent within the statutory reachback period
Any claims that could be asserted against insiders, including, for example, breach of fiduciary duty or breach of the duty of loyalty	Insiders and/or their transferees or alter egos
Any claims against insiders relating to inadequate funding of the project, including misappropriation or diversion of funds, or similar claims	Insiders and/or their transferees or alter egos

The Litigation Trustee, in his/her/its sole and absolute discretion, shall determine whether to bring, settle, release, compromise, or enforce such Trust Causes of Action (or decline to do any of the foregoing), and shall not be required to seek further approval of the Bankruptcy Court for such action. **No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Trust Cause of Action against them as any indication that the Litigation Trustee will not pursue any and all available Trust Causes of Action against them. The Litigation Trustee expressly reserves all rights to prosecute any and all Trust Causes of Action against any Person except at otherwise provided in the Plan.** Unless any Trust Cause of Action against a Person is expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or an order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Trust Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Trust Causes of Action upon, after, or as a consequence of Confirmation or the Effective Date of the Plan.

**J. No Election Under Section 1111(b)**

Because the Real Property, Fairwinds Estate and substantially all of the Debtor's

1 assets are to be sold under the Plan, subject to overbidding, various secured creditors  
2 do not have the right to an election under Section 1111(b) of the Bankruptcy Code., and  
3 no Secured Claim shall be treated as having made an election under Section 1111(b) of  
4 the Bankruptcy Code.

5 **K. Dissolution of the Debtor**

6 Before filing the motion seeking approval of a final decree closing the case, the  
7 Plan Administrator may, but is not required to take the steps reasonably required to  
8 formally dissolve the Debtor under Nevada Law, and shall have the power and authority  
9 to do so without the consent or endorsement of its sole member, Cal Neva.

10 **L. Permanent Satisfaction**

11 The rights afforded in the Plan, and the treatment of all Claims and Interests set  
12 forth herein, shall be in full exchange for, and in complete satisfaction of, all Claims and  
13 Interests of any kind or nature whatsoever, whether known or unknown, matured or  
14 contingent, liquidated or unliquidated, existing, arising or accruing, whether or not yet  
15 due, prior to the Effective Date, including without limitation any Claims, or interest on  
16 Claims, accruing on or after the Petition Date, against the Debtor or any of the assets or  
17 property thereof, provided that such satisfaction does not affect any party's rights under  
18 the Plan.

19 **SECTION SIX**

20 **DISTRIBUTIONS TO CREDITORS**

21 **A. Timing and Calculation of Amounts to be Distributed**

22 Except as otherwise provided in the Plan, on the Effective Date or as soon as  
23 practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the  
24 date that such a Claim becomes an Allowed Claim), each Holder of an Allowed Claim  
25 against the Debtor shall receive the full amount of the distributions that the Plan provides  
26 for Allowed Claims in the applicable Class. In the event that any payment or act under  
27 the Plan is required to be made or performed on a date that is not a Business Day, then  
28 the making of such payment or the performance of such act may be completed on the

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1 next succeeding Business Day, but shall be deemed to have been completed as of the  
2 required date. If and to the extent that there are Disputed Claims, distributions on  
3 account of any such Disputed Claims shall be made in accordance with the provisions  
4 set forth in Article VIII of the Plan. Except as otherwise provided in the Plan, Holders of  
5 Claims shall not be entitled to interest, dividends, or accruals on the distributions  
6 provided for in the Plan, regardless of whether such distributions are delivered on or at  
7 any time after the Effective Date.

8 **B. Plan Distributions Made Through Plan Administrator**

9 On the Effective Date or as soon as practicable thereafter, all distributions under  
10 the Plan shall be made by the Plan Administrator, except that the Litigation Trustee, or  
11 its Third Party Disbursing Agent, shall make distributions with respect to the Litigation  
12 Trust to Litigation Trust Beneficiaries. The Plan Administrator shall not be required to  
13 give any bond or surety or other security for the performance of its duties.

14 **C. Delivery of Distributions and Undeliverable or Unclaimed Distributions**

15 1. Delivery of Distributions. Except as otherwise provided in the Plan, the  
16 Plan Administrator shall make distributions to Holders of Allowed Claims at the address  
17 for each such Holder as indicated on the Debtor's books and records as of the date of  
18 any such distribution or as set forth in any Proof of Claim filed by such Holder; *provided,*  
19 *however,* that the manner of such distributions shall be determined at the discretion of  
20 the Plan Administrator. If a Holder holds more than one Claim in any one Class, all  
21 Claims of the Holder may be aggregated into one Claim and one distribution may be  
22 made with respect to the aggregated Claim.

23 2. Undeliverable Distributions and Unclaimed Property.

24 (i) Failure to Claim Undeliverable Distributions

25 Creditors have the obligation to file change of address forms with the Court and to  
26 serve such changes of address on the Plan Administrator or Litigation Trustee, as  
27 applicable. If a Creditor fails to claim any distribution of Cash within 90 days from the  
28 date upon which a distribution is made, such Creditor shall be subject to having its claim

1 excluded from future distributions. After disallowance, such Creditors shall forfeit their  
2 rights thereto and shall have no claim whatsoever against the Liquidating Debtor or the  
3 Litigation Trust, as applicable, or any holder of an Allowed Claim to whom distributions  
4 are made under this Plan.

5 (ii) Failure to Present Checks

6 Checks issued by the Plan Administrator or Litigation Trust, as applicable, on  
7 account of Allowed Claims shall be null and void if not negotiated within ninety (90) days  
8 after the issuance of such check. Requests for reissuance of any check shall be made  
9 directly to the Plan Administrator or Litigation Trust, as applicable, by the Holder of the  
10 relevant Allowed Claim with respect to which such check originally was issued.

11 **D. Disputed Payments**

12 In the event of any dispute between and among Creditors as to the right of any  
13 entity to receive or retain any payment or distribution to be made to such entity under the  
14 Plan, the Liquidating Debtor may, in lieu of making such payment or distribution to such  
15 entity, instead hold such payment or distribution until the disposition thereof shall be  
16 determined by the Bankruptcy Court.

17 **E. Plan Distributions Made Through Plan Administrator**

18 Notwithstanding any other provision of this Plan, at the point when the remaining  
19 funds in the Claims Reserve Account consist of an amount impracticable to distribute,  
20 the Plan Administrator may donate such Cash to any nonprofit organization or  
21 organizations in this judicial district that is exempt pursuant to section 501(c) of the  
22 Internal Revenue Code (Title 26 of the United States Code), or (ii) lodge with the  
23 Bankruptcy Court such sums as unclaimed funds under 11 U.S.C. § 347, and the Court  
24 Clerk shall accept such funds notwithstanding that this case is a Chapter 11 case.

25 **F. Compliance with Tax Requirements**

26 In connection with the Plan and the Litigation Trust Agreement, to the extent  
27 applicable, the Plan Administrator, the Litigation Trustee and any Third Party Disbursing  
28 Agent shall comply with all tax withholding and reporting requirements imposed upon it

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1 by any governmental unit, and all distributions pursuant to the Plan shall be subject to  
2 such withholding and reporting requirements. Notwithstanding the above, each Holder  
3 of an Allowed Claim that is to receive a distribution under the Plan shall have the sole  
4 and exclusive responsibility for the satisfaction and payment of any taxes imposed on  
5 such Holder by any governmental unit, including income, withholding and other tax  
6 obligations, on account of such distribution. The Plan Administrator has the right, but not  
7 the obligation, not to make a distribution until such Holder has made arrangements  
8 satisfactory to the Plan Administrator for payment of any such withholding tax obligations  
9 and, if the Plan Administrator fails to withhold with respect to any such Holder's  
10 distribution, and is later held liable for the amount of such withholding, the Holder shall  
11 reimburse the Plan Administrator. Notwithstanding any provision in the Plan to the  
12 contrary, each of the Plan Administrator, the Litigation Trustee or Third Party Disbursing  
13 Agent as applicable shall be authorized to take all actions necessary or appropriate to  
14 comply with such withholding and reporting requirements, including liquidating a portion  
15 of the distribution to be made under the Plan to generate sufficient funds to pay  
16 applicable withholding taxes, withholding distributions pending receipt of information  
17 necessary to facilitate such distributions, or establishing any other mechanisms it  
18 believes are reasonable and appropriate. The Plan Administrator may require, as a  
19 condition to the receipt of a distribution, that the Holder complete the appropriate Form  
20 W-8 or Form W-9, as applicable to each Holder. If the Holder fails to comply with such a  
21 request within six months, such distribution shall be deemed an unclaimed distribution.  
22 Finally, the Plan Administrator reserves the right to allocate all distributions made under  
23 the Plan in compliance with all applicable wage garnishments, alimony, child support,  
24 and other spousal awards, Liens, and encumbrances.

#### 25 **G. De Minimis Distributions**

26 Notwithstanding any other provision of this Plan, interim distributions of less than  
27 \$25.00, and a final distribution of less than \$50.00 need not be made by the Liquidating  
28 Debtor on account of any Allowed Claim, provided that, the amount of such de minimis

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1 distributions that would otherwise be made but for this provision shall be reserved as in  
2 the same manner as reserves for Disputed Claims in Section VII.A.3 of the Plan, and  
3 shall carry over until the next date of a distribution until the cumulative amount to which  
4 any holder of an Allowed Claim is entitled is more than \$25.00, at which time the  
5 cumulative amount of such distributions shall be paid to such holder of the subject Claim.  
6 Distributions that will not be made as of the date of a final distribution shall be treated as  
7 unclaimed funds as provided in Section VII.D. of the Plan.

8 **H. Setoffs and Recoupment**

9 Nothing contained in the Plan shall constitute a waiver or release by the Debtor of  
10 any right of setoff or recoupment that the Debtor or the Liquidating Debtor may have  
11 against any Creditor or Interest Holder.

12 Liquidating Debtor and the Litigation Trustee shall work in good faith to preserve  
13 any Causes of Action that could be compromised by Liquidating Debtor's or the  
14 Litigation Trust's, as applicable, proposed setoff. If there is a dispute as to how to  
15 proceed, such dispute shall be decided by the Court upon notice and motion.

16 **SECTION SEVEN**

17 **THE CLAIMS RESOLUTION PROCESS**

18 **A. Resolution of Disputed Claims**

19 1. Allowance of Claims. On or after the Effective Date, Liquidating Debtor  
20 and the Litigation Trustee shall have and shall retain any and all rights and defenses that  
21 the Debtor had with respect to any Claim immediately prior to the Effective Date, except  
22 with respect to any Claim deemed Allowed as of the Effective Date. Except as otherwise  
23 provided in the Plan or in any order entered in the Case prior to the Effective Date,  
24 including, without limitation, the Confirmation Order, no Claim shall become an Allowed  
25 Claim unless and until such Claim is deemed Allowed (i) under the Plan or the  
26 Bankruptcy Code or (ii) by Final Order of the Bankruptcy Court including, without  
27 limitation, the Confirmation Order.

28 DOCS\_LA\_307889.3  
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1 Plan, if any portion of a Claim is a Disputed Claim, no payment or distribution provided  
2 under the Plan shall be made on account of such Claim unless and until such Disputed  
3 Claim becomes an Allowed Claim. To the extent a Disputed Claim becomes an Allowed  
4 Claim, in accordance with the provisions of the Plan, distributions shall be made to the  
5 Holder of such Allowed Claim, without interest.

6 3. Disputed Claims Reserve.

7 (i) *Disputed Claims Reserve:* On the Effective Date or as soon as  
8 practicable thereafter, the Debtor or Liquidating Debtor, as applicable, shall deposit into  
9 the Disputed Claims Reserve the amount of Cash that would have been distributed to  
10 Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the  
11 Effective Date, with the amount of such Allowed Claims to be determined, solely for the  
12 purpose of establishing reserves and for maximum distribution purposes, to be the lesser  
13 of (i) the asserted amount of the Disputed Claim filed with the Bankruptcy Court, or if no  
14 Proof of Claim was filed, listed by the Debtor in the schedules filed by the Debtor, (ii) the  
15 amount, if any, estimated by the Bankruptcy Court pursuant to Bankruptcy Code section  
16 502(c), and (iii) the amount otherwise agreed to by the Debtor or Liquidating Debtor, as  
17 applicable, and the Holder of such Disputed Claim for reserve purposes.

18 (ii) *Distribution of Excess Amounts in the Disputed Claims Reserve:*  
19 When all Disputed Claims are resolved and either become Allowed or are disallowed by  
20 Final Order, to the extent Cash remains in the Disputed Claims Reserve after all Holders  
21 of Disputed Claims that have become Allowed have been paid in the full amount they  
22 are entitled to pursuant to the treatment set forth for the appropriate Class under the  
23 Plan, such Cash shall be made available for re-distribution to other holders of Allowed  
24 Claims of like Class.

25 4. Prosecution of Objections to Claims. Except as otherwise specifically  
26 provided in the Plan and in the Litigation Trust Agreement, the Debtor, prior to and on  
27 the Effective Date, or Liquidating Debtor, after the Effective Date, shall have the  
28 exclusive authority to file objections to Claims or settle, compromise, withdraw or litigate



1 to judgment objections to any and all Claims, regardless of whether such Claims are in a  
2 Class or otherwise. From and after the Effective Date, Liquidating Debtor may settle or  
3 compromise any Disputed Claim without any further notice to or action, order or approval  
4 of the Bankruptcy Court. From and after the Effective Date, Liquidating Debtor shall  
5 have the sole authority to administer and adjust the claims register to reflect any such  
6 settlements or compromises without any further notice, action, order, or approval of the  
7 Bankruptcy Court.

8 Liquidating Debtor and the Litigation Trustee shall work in good faith to preserve  
9 all Causes of Action not purchased by Buyer. If there is a dispute as to how to preserve  
10 any Cause of Action, such dispute shall be decided by the Court upon notice and  
11 motion.

12 5. Claims Estimation. The Debtor, prior to and on the Effective Date, or  
13 Liquidating Debtor, after the Effective Date, may request that the Bankruptcy Court  
14 estimate any contingent or unliquidated claim to the extent permitted by Bankruptcy  
15 Code section 502(c) regardless of whether the Debtor or Liquidating Debtor has  
16 previously objected to such Claim or whether the Bankruptcy Court has ruled on any  
17 such objection, and the Bankruptcy Court shall have jurisdiction to estimate any Claim at  
18 any time during litigation concerning any objection to such Claim, including during the  
19 pendency of any appeal relating to any such objection.

20 6. Expungement or Adjustment of Claims Without Objection. Any Claim that  
21 has been paid, satisfied, or superseded may be expunged on the claims register by the  
22 Debtor or Liquidating Debtor, as applicable, and any Claim that has been amended may  
23 be adjusted thereon by the Debtor or Liquidating Debtor in the Case without a Claims  
24 objection having to be filed and without any further notice to or action, order or approval  
25 of the Bankruptcy Court.

26 7. Deadline to File Claims Objections. Any objections to Claims shall be filed  
27 by no later than ninety (90) days after the Effective Date, or such later date as may be  
28 fixed by order of the Bankruptcy Court.

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1 **B. Disallowance of Claims**

2 Any Claims held by a Person from which property is recoverable under  
3 Bankruptcy Code sections 542, 543, 550, or 553, or that is a transferee of a transfer  
4 avoidable under Bankruptcy Code section 522(f), 522(h), 544, 545, 547, 548, 549, or  
5 724(a), shall be deemed disallowed pursuant to Bankruptcy Code section 502(d), and  
6 Holders of such Claims may not receive any distributions on account of such Claims until  
7 such time as such Causes of Action against that Person have been settled or a Final  
8 Order with respect thereto has been entered and all sums due, if any, by that Person  
9 have been turned over or paid by such Person to the Debtor or Liquidating Debtor.

10 EXCEPT AS OTHERWISE AGREED BY THE DEBTOR OR LIQUIDATING  
11 DEBTOR, AS APPLICABLE, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE  
12 CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE  
13 EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR  
14 APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY  
15 NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS  
16 SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF  
17 THE BANKRUPTCY COURT.

18 **C. Amendments to Claims**

19 On or after the Effective Date, a Claim may not be filed or amended without prior  
20 authorization of the Bankruptcy Court or Liquidating Debtor, and any such new or  
21 amended Claim filed without such prior authorization shall be deemed disallowed in full  
22 and expunged without any further action.

23 **SECTION EIGHT**

24 **EFFECTS OF CONFIRMATION**

25 **A. Binding Effect of Plan**

26 The provisions of the confirmed Plan shall bind the Debtor, the Liquidating Debtor,  
27 the Committee, the Buyer and any Creditor or Interest Holder, whether or not such  
28 Creditor or Interest Holder has filed a proof of Claim or Interest in the Chapter 11 Case,

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1 whether or not the Claim of such Creditor or the Interest of such Interest Holder is  
2 impaired under the Plan, and whether or not such Creditor or Interest Holder has  
3 accepted or rejected the Plan. All Claims and Debts shall be as fixed and adjusted  
4 pursuant to this Plan.

5 **B. Revesting of Property Free and Clear**

6 Upon the Effective Date, title to all Estate Assets shall vest in the Liquidating  
7 Debtor for the purposes contemplated under the Plan and section 1123(b)(3) shall be  
8 deemed satisfied in all respects. All Unsecured Claims against the Debtor or the Estate  
9 shall be of no further force or effect except with respect to the rights of holders of  
10 Allowed Claims to receive payments or distributions as set forth herein. Following the  
11 Effective Date, the Liquidating Debtor may use, acquire or dispose of any such property  
12 free of any restrictions imposed by the Bankruptcy Court, the Bankruptcy Code or the  
13 Bankruptcy Rules and without further approval of the Bankruptcy Court or notice to  
14 Creditors, except as may otherwise be required under the Plan or the Confirmation  
15 Order. Except as otherwise expressly provided in the Plan or Confirmation Order, all  
16 rights or causes of action are hereby preserved and retained for enforcement solely and  
17 exclusively by and at the discretion of the Liquidating Debtor.

18 **C. Injunction**

19 Until all remaining Estate Assets of the Liquidating Debtor and the Estate are fully  
20 administered, and except as otherwise provided by the Plan, all entities who have held,  
21 hold or may hold Claims against or Interests in the Debtor or the Debtor's estate that  
22 arose prior to the Effective Date are enjoined from taking legal action against the Debtor  
23 or the Liquidating Debtor for the purpose of directly or indirectly collecting, recovering, or  
24 receiving payment or recovery with respect to any Claim or demand against the Debtor  
25 or the Liquidating Debtor.

26 **D. [Reserved]**

27 **E. No Discharge**

28 Pursuant to 11 U.S.C. § 1141(d)(3), confirmation of this Plan shall not operate as

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1 a discharge of the Debtor.

2 **F. Limitation of Liability**

3 The Proponents, together with their members, officers, directors, representatives,  
4 and advisors (collectively, the “Exculpated Parties”), will neither have nor incur any  
5 liability to any person or entity for any Official Actions in good faith taken or omitted to be  
6 taken in connection with or related to the Case, the investigations of potential claims or  
7 the formulation, preparation, dissemination, implementation, Confirmation or  
8 consummation of the Plan, the Disclosure Statement, or any agreement created or  
9 entered into in connection with the Plan or incident to the Case, provided that, the  
10 foregoing shall not exonerate any of the Exculpated Parties from any liability that results  
11 from an act or omission to the extent such act or omission is determined by Final Order  
12 to have constituted gross negligence or willful misconduct. In addition, notwithstanding  
13 any other provision of this Plan, no holder of a Claim or Interest, no other party in  
14 interest, none of their respective agents, employees, representatives, financial advisors,  
15 attorneys or affiliates, and no successors or assigns of the foregoing, shall have any  
16 right of action against any Exculpated Party for any Official Actions made in good faith  
17 from and after the Petition Date through the Confirmation Date in connection with,  
18 relating to or arising out of the Case or the consideration, formulation, preparation,  
19 dissemination, implementation, Confirmation or consummation of the Plan, the  
20 Disclosure Statement, or any transaction or document created or entered into, or any  
21 other act taken or omitted to be taken, in connection therewith, except for: (a) the liability  
22 of any Exculpated Party that would otherwise result from the failure to perform or pay  
23 any obligation or liability under the Plan or any contract, instrument, release or other  
24 agreement or document to be entered into or delivered in connection with the Plan, (b)  
25 the liability of any Exculpated Party that would otherwise result from any such act or  
26 omission to the extent that such act or omission is determined in a Final Order to have  
27 constituted gross negligence or willful misconduct, and (c) actions taken by Exculpated  
28 Parties who are holders of a Claim and are taking actions in pursuit of the allowance or

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1 payment of such Claim.

2 **SECTION NINE**

3 **CONDITIONS PRECEDENT TO CONFIRMATION**

4 **AND EFFECTIVE DATE OF THE PLAN**

5 **A. Conditions Precedent to Confirmation**

6 It shall be a condition to Confirmation of the Plan that the following conditions  
7 shall have been satisfied or waived pursuant to the Plan:

8 (1) Required Orders. The Clerk of the Bankruptcy Court shall have  
9 entered all necessary orders (including, without limitation, the Disclosure Statement  
10 Order and the Confirmation Order).

11 (2) Vote Tabulation. The Bankruptcy Court shall have determined that  
12 all votes are binding and have been properly tabulated as acceptances or rejections of  
13 the Plan.

14 (3) Confirmation Requirements. The Bankruptcy Court shall have  
15 determined that all applicable tests, standards and burdens in connection with the Plan,  
16 including those in section 1129 of the Bankruptcy Code, have been duly satisfied and  
17 met by the Debtor and the Proponent, as applicable.

18 (4) Plan Supplement. In connection with the Confirmation of the Plan,  
19 the Bankruptcy Court shall have approved the Plan Supplement.

20 (5) Authorization. The Bankruptcy Court shall have authorized the  
21 Debtor or Liquidating Debtor to execute, enter into, and deliver the documents in the  
22 Plan Supplement, and to execute, implement and take all actions otherwise necessary or  
23 appropriate to give effect to the transactions contemplated by the Plan and the Plan  
24 Supplement.

25 (6) Form of Confirmation Order. The Confirmation Order and this Plan  
26 each shall be in a form and substance satisfactory to the Proponent.

27 (7) Agreement Amongst Administrative Professionals. The Estate  
28 Professionals shall have agreed how to allocate amongst themselves that portion of the

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1 Plan Payment and the Overbid Carve-out (if any) made available to pay their  
2 Administrative Expense claims.

3 **B. Conditions Precedent to Effective Date**

4 It shall be a condition to the Plan going effective, i.e., the Effective Date that the  
5 following conditions shall have been satisfied or waived: (i) the Confirmation Order shall  
6 have become a Final Order; (ii) the Bankruptcy Court shall have approved any Plan  
7 Supplement filed with respect to the Plan; (iii) all authorizations, consents, and regulatory  
8 approvals required, if any, in connection with the consummation of the Plan shall have  
9 been obtained; (iv) 9898 Lake shall have transferred the Fairwinds Estate to the Debtor;  
10 free and clear of all liens, claims and interests, except the Secured Claim of Capital One,  
11 and any tax liens to be paid from the Plan Payment, and (v) all other actions, documents,  
12 certificates, and agreements necessary to implement the Plan shall have been effected  
13 or executed and delivered to the required parties and, to the extent required, filed with  
14 the applicable governmental units in accordance with applicable laws.

15 **C. Waiver of Conditions**

16 To the extent practicable and legally permissible, each of the conditions  
17 precedent in this Section may be waived, in whole or in part, by the Proponent. Any  
18 such waiver of a condition precedent may be effected at any time by filing a notice  
19 thereof with the Bankruptcy Court executed by the Proponent.

20 **D. Effective Date**

21 The Effective Date shall occur upon the Closing Date. This Plan shall be of no  
22 force or effect unless the Effective Date shall occur.

23 **E. Failure of Effective Date**

24 If the Asset Purchase Agreement is properly terminated as permitted by the Buyer  
25 or the Debtor, or if the closing does not occur by any deadline set forth in the Asset  
26 Purchase Agreement, or such other date or dates as may be agreed to by Buyer, this  
27 Plan shall not become effective and shall be treated as having been withdrawn and  
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59941/002 revoked by the Proponents and of no force or effect. In such event, the Proponents shall

1 inform the Court promptly and seek revocation of the Confirmation Order.

2 **SECTION TEN**

3 **MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN**

4 **A. Modification and Amendments**

5 The Proponents may amend, modify, or supplement the Plan pursuant to  
6 Bankruptcy Code section 1127(a) at any time prior to the Confirmation Date. After the  
7 Confirmation Date, but prior to the Effective Date of the Plan, the Proponents may  
8 amend, modify, or supplement the Plan without further order of the Bankruptcy Court to  
9 remedy any defect or omission or reconcile any inconsistencies in the Plan or the  
10 Confirmation Order.

11 **B. Effect of Confirmation on Modifications**

12 Pursuant to Bankruptcy Code section 1127(a), the entry of a Confirmation Order  
13 shall mean that all modifications or amendments to the Plan since the solicitation thereof  
14 are approved and do not require additional disclosure or re-solicitation under Bankruptcy  
15 Rule 3019.

16 **C. Revocation or Withdrawal of the Plan**

17 The Proponents reserve the right to revoke or withdraw the Plan prior to the  
18 Confirmation Date and to file subsequent chapter 11 plans. If the Proponents revoke or  
19 withdraw the Plan, or if Confirmation or the Effective Date does not occur, then: (i) the  
20 Plan shall be null and void in all respects; (ii) any settlement or compromise embodied in  
21 the Plan, assumption or rejection of executory contracts or unexpired leases effected by  
22 the Plan, and any document or agreement executed pursuant to the Plan shall be  
23 deemed null and void except as may be set forth in a separate order entered by the  
24 Bankruptcy Court; and (iii) nothing contained in the Plan shall constitute a waiver or  
25 release of any Claims by or against, or any Interests in, the Debtor, or any other Person,  
26 prejudice in any manner the rights of the Debtor, or any other Person, or constitute an  
27 admission, acknowledgement, offer, or undertaking of any sort by the Debtor, or any  
28 other Person.

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**SECTION ELEVEN**

**RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Case and all Persons with respect to all matters related to the Case, the Debtor, and the Plan as legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured, or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, including Claims of a Professional for services rendered to the Debtor or any Committee, and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is party or with respect to which the Debtor may be liable, and the hearing, determination, and, if necessary, liquidation of any Claims arising therefrom, including cure claims pursuant to Bankruptcy Code section 365; (ii) any potential contractual obligation under any executory contract or unexpired lease that is assumed; and (iii) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, Causes of Action, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or brought

1 thereafter, including but not limited to the litigation of any Cause of Action by the  
2 Litigation Trust or Liquidating Debtor after the Effective Date of the Plan;

3 6. adjudicate, decide, or resolve any and all matters related to Bankruptcy  
4 Code sections 1141 and 1145;

5 7. enter and implement such orders as may be necessary or appropriate to  
6 execute, implement, or consummate the provisions of the Plan and all contracts,  
7 instruments, releases, indentures, and other agreements or documents created in  
8 connection with the Plan or the Disclosure Statement;

9 8. implement, interpret, or enforce any and all matters relating to the  
10 Confirmation Order;

11 9. enter and enforce any order pursuant to Bankruptcy Code sections 363,  
12 1123, or 1146(a) for the sale of property;

13 10. resolve any cases, controversies, suits, disputes, or Causes of Action that  
14 may arise in connection with the Effective Date, interpretation, or enforcement of the  
15 Plan or any Person's obligations in connection with the Plan;

16 11. issue injunctions, enter and implement other orders, or take such other  
17 actions as may be necessary or appropriate to restrain interference by any Person with  
18 the Effective Date or enforcement of the Plan;

19 12. resolve any cases, controversies, suits, disputes, or Causes of Action with  
20 respect to the releases, injunctions, and other provisions contained in Article IX of the  
21 Plan and enter such orders as may be necessary or appropriate to implement such  
22 releases, injunctions, and other provisions;

23 13. enter and implement such orders as are necessary or appropriate if the  
24 Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

25 14. enter an order or final decree concluding or closing the Case;

26 15. adjudicate any and all disputes arising from or relating to distributions  
27 under the Plan;

28 16. consider any modifications of the Plan, to cure any defect or omission, or

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1 reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation  
2 Order;

3 17. determine requests for the payment of Administrative Claims or Claims  
4 entitled to priority pursuant to Bankruptcy Code section 507;

5 18. hear and determine disputes arising in connection with the interpretation,  
6 implementation, or enforcement of the Plan, or the Confirmation Order including disputes  
7 arising under agreements, securities, instruments, or other documents;

8 19. hear and determine matters in accordance with Bankruptcy Code sections  
9 346, 505, and 1146;

10 20. hear and determine all disputes involving the existence, nature, or scope of  
11 the Debtor's discharge, including any dispute relating to any liability arising out of the  
12 termination of employment or the termination of any employee or retiree benefit program,  
13 regardless of whether such termination occurred prior to or after the Effective Date;

14 21. enforce all orders previously entered by the Bankruptcy Court; and

15 22. hear any other matter not inconsistent with the Bankruptcy Code.

16 **SECTION TWELVE**

17 **MISCELLANEOUS PLAN PROVISIONS**

18 **A. Additional Documents**

19 On or before the Effective Date, the Proponents may file with the Bankruptcy  
20 Court any agreements or other documents that may be necessary or appropriate in order  
21 to effectuate and further evidence the terms and conditions of the Plan.

22 **B. Dissolution of Committee**

23 On the first Business Day thirty days after the Effective Date, all statutory  
24 committees, including committees representing creditors or equity security holders, shall  
25 be dissolved and the members thereof shall be released and discharged of and from all  
26 further authority, duties, responsibilities, and obligations related to and arising from and  
27 in connection with the chapter 11 Case. The retention or employment of any and all  
28 attorneys, financial advisors, and other agents or professions, if any, of all statutory

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1 committees shall terminate other than for purposes of filing and prosecuting applications  
2 for final allowances of compensation for professional services rendered and  
3 reimbursement of expenses incurred in connection therewith.

4 **C. Governing Law**

5 Except to the extent that the Bankruptcy Code or other federal law is applicable,  
6 the rights, duties and obligations arising under this Plan shall be governed by, and  
7 construed and enforced in accordance with, the laws of the State of Nevada.

8 **D. Reservation of Rights**

9 Except as otherwise provided in the Plan, the Plan shall have no force or effect  
10 unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the  
11 Plan, any statement or provision contained in the Plan, or the taking of any action by the  
12 Proponents or the Debtor with respect to the Plan or the Disclosure Statement shall be  
13 or shall be deemed to be an admission or waiver of any rights of the Debtor with respect  
14 to the Holders of Claims or Interests prior to the Effective Date.

15 **E. Successors and Assigns**

16 The rights, benefits, and obligations of any Person named or referred to in the  
17 Plan shall be binding on, and shall inure to the benefit of any heir, executor,  
18 administrator, successor or assign, affiliate, officer, director, agent, representative,  
19 attorney, beneficiaries, or guardian, if any, of each Person.

20 **F. Further Assurances**

21 The Debtor or Liquidating Debtor, as applicable, all Holders of Claims receiving  
22 distributions pursuant to the Plan, and all other Persons shall, from time to time, prepare,  
23 execute, and deliver any agreements or documents and take any other actions as may  
24 be necessary or advisable to effectuate the provisions and intent of the Plan or the  
25 Confirmation Order.

26 **G. Term of Injunctions or Stays**

27 Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions  
28 or stays in effect in the Case pursuant to Bankruptcy Code sections 105 or 362 or any

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1 order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any  
2 injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full  
3 force and effect until the Effective Date. All injunctions or stays contained in the Plan  
4 and the Confirmation Order shall remain in full force and effect in accordance with their  
5 terms.

6 **H. Entire Agreement**

7 Except as otherwise indicated, the Plan supersedes all previous and  
8 contemporaneous negotiations, promises, covenants, agreements, understandings, and  
9 representations on such subjects, all of which have become merged and integrated into  
10 the Plan.

11 **I. Exhibits and Related Documents**

12 All exhibits and documents filed in relation to the Plan are incorporated into and  
13 are a part of the Plan as if set forth in full in the Plan. After any exhibits and documents  
14 are filed, copies of such exhibits and documents shall be available upon written request  
15 to the Proponents' counsel at the address above or the Bankruptcy Court's website,  
16 <http://www.nvb.uscourts.gov> (a PACER login and password are required to access  
17 documents on the Bankruptcy Court's website).

18 **J. Severability of Plan Provisions**

19 If, before Confirmation of the Plan, any term or provision of the Plan is held by the  
20 Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have  
21 the power to alter and interpret such term or provision to make it valid or enforceable to  
22 the maximum extent practicable, consistent with the original purpose of the term or  
23 provision held to be invalid, void, or unenforceable, and such term or provision shall then  
24 be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or  
25 interpretation, the remainder of the terms and provisions of the Plan shall remain in full  
26 force and effect and shall in no way be affected, impaired, or invalidated by such  
27 holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial  
28 determination and shall provide that each term and provision of the Plan, as it may have

1 been altered or interpreted in accordance with the foregoing, is valid and enforceable.

2 **K. Waiver or Estoppel Conflicts**

3 Each Holder of a Claim or Interest shall be deemed to have waived any right to  
4 assert any argument, including the right to argue that its Claim or Interest should be  
5 Allowed in a certain amount, in a certain priority, secured, or not subordinated, by virtue  
6 of an agreement made with the Debtor or its counsel, the Committee or its counsel, or  
7 any other Person, if such agreement was not disclosed in the Plan, the Disclosure  
8 Statement, or papers filed with the Bankruptcy Court prior to the Confirmation Date.

9 **L. Conflicts**

10 Except as set forth in the Plan or unless otherwise ordered by the Bankruptcy  
11 Court, to the extent that the Disclosure Statement, any order of the Bankruptcy Court  
12 (other than the Confirmation Order), or any exhibit to the Plan or document executed or  
13 delivered in connection with the Plan is inconsistent with the terms of the Plan, the terms  
14 of the Plan shall control.

15 **SECTION THIRTEEN**

16 **RISK FACTORS**

17 Holders of Claims should read and consider carefully the factors set forth below,  
18 as well as the other information set forth in this Disclosure Statement (and the  
19 documents delivered together herewith and/or incorporated by reference herein), prior to  
20 voting to accept or reject the Plan.

21 **A. Risk of Nonconfirmation of the Plan**

22 Even if all classes of Claims that are entitled to vote accept the Plan, the Plan  
23 might not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code  
24 sets forth the requirements for confirmation and requires, among other things, that the  
25 confirmation of the Plan is not likely to be followed by the liquidation or the need for  
26 further financial reorganization (feasibility), and that the value of distributions to  
27 dissenting creditors be not less than the value of distributions such creditors would  
28 receive if the debtor were liquidated under Chapter 7 of the Bankruptcy Code (the "best

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1 interest of creditors” test), and other tests as set forth elsewhere in this Disclosure  
2 Statement and as required by applicable law. The Proponents believe that the Plan  
3 satisfies all requirements for confirmation under the Bankruptcy Code. There can be no  
4 assurance, however, that the Bankruptcy Court will also conclude that the requirements  
5 for Confirmation of the Plan have been satisfied.

6 **B. Nonoccurrence of Effective Date of the Plan**

7 Even if all classes of Claims that are entitled to vote accept the Plan, the Effective  
8 Date for the Plan may not occur. The Plan sets forth conditions to the occurrence of the  
9 Effective Date of the Plan, which may not be satisfied by the Effective Date. The  
10 Proponents believe that it will satisfy all requirements for consummation required under  
11 the Plan. There can be no assurance, however, that the Bankruptcy Court will also  
12 conclude that the requirements for consummation of the Plan have been satisfied.

13 **C. Trust Causes of Action May be Worthless**

14 Although the Litigation Trust will receive the Trust Causes of Action on the  
15 Effective Date, there is no guarantee that the Trust Causes of Action have any value or,  
16 even if they have any value, that the Litigation Trust will be successful in prosecuting or  
17 liquidating such claims for recovery on behalf of General Unsecured Claims, or that any  
18 recoveries would exceed the costs of pursuing such Trust Causes of Action. However,  
19 at this juncture, no investigation has been conducted on the merits or the validity of any  
20 Trust Causes of Action.

21 **D. Effective Date May Not Occur**

22 In order to confirm the Plan, the Bankruptcy Code provides that administrative  
23 claimants must be paid in full in cash on the Effective Date unless they agree otherwise.  
24 The Debtor’s and Committee’s professional fees are in excess of \$1.5 million as of the  
25 end of May 2017 and have continued to accrue and will continue to accrue until the  
26 Effective Date. The Plan currently provides for payment of less than the full amount of  
27 accrued professional fees, assuming that there are no overbids in excess of the offer  
28 from Lawrence. If professional fees are allowed by the Bankruptcy Court at an amount

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1 higher than the Plan provides, and if professionals do not agree to voluntarily reduce  
2 their fees to an amount such that there are sufficient funds available to pay them in full,  
3 then the Plan may not become effective.

#### 4 **SECTION FOURTEEN**

#### 5 **ALTERNATIVES TO CONFIRMATION OF THE PLAN**

6 If the Plan is not confirmed by the Bankruptcy Court and consummated, the  
7 alternatives to the Plan include (a) the liquidation of the Debtor under Chapter 7 of the  
8 Bankruptcy Code, (b) an alternative Plan under Chapter 11 of the Bankruptcy Code, or  
9 (c) relief from the automatic stay to secured creditors and the loss of the Debtor's assets  
10 through to foreclosure.

#### 11 **A. Liquidation Under Chapter 7**

12 As the Plan is a liquidation plan, the Proponents believe it is unnecessary to  
13 prepare an additional analysis of the result that should occur through a liquidation under  
14 Chapter 7 of the Bankruptcy Code. The Plan functionally provides Creditors with the  
15 same protections as would be granted in a Chapter 7 and at an anticipated reduced  
16 cost. The Plan Administrator may enter into transactions outside the ordinary course of  
17 business that would otherwise require Court supervision, again reducing the costs of  
18 administration.

19 In addition, in conversion to Chapter 7, a new Claims bar date would be set,  
20 permitting the filing of timely Claims by Creditors whose Claims may be time barred  
21 under the Plan and which may significantly increase the costs of a claims reconciliation  
22 process. Even if no Creditors file otherwise time-barred Claims upon a conversion to  
23 Chapter 7, some Creditors will file second or third Claims in the Chapter 7 case.

24 Further, it is extremely rare for a Chapter 7 trustee to make interim distributions to  
25 Creditors, meaning that unsecured Creditors will receive no distributions in a Chapter 7  
26 until the case is fully administered and ready to be closed, which would likely be much  
27 longer than it will take for Creditors to receive at least a partial interim distribution under

28 the Plan.  
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1 Finally, the compensation allowed to the Plan Administrator is functionally  
2 identical to what would be expected in a Chapter 7 case where the Chapter 7 trustee  
3 would likely assert that he or she is entitled to a commission on all distributions to  
4 Creditors under the Plan up to the Trustee cap under section 326 of the Bankruptcy  
5 Code. Under the Plan, the Plan Administrator receives payment on a fixed and  
6 commission basis that is almost identically to the Chapter 7 trustee cap.

7 Accordingly, the Proponents believe that the Plan provides for a greater and  
8 significantly more expeditious administration of this Chapter 11 Case, will result in a  
9 higher percentage return to the Allowed Claims of the general unsecured Creditors, and  
10 will allow for a more prompt completion of this case in a manner consistent with the  
11 desires of Creditors and parties in interest.

12 **[The Proponents are not soliciting ballots at this time. This language is**  
13 **included to reflect the language to be used if the Disclosure Statement is**  
14 **approved.]** Accordingly, the Proponents recommend that all holders of Claims and  
15 Interests vote to accept the Plan.

16 **B. Alternative Plan**

17 If the Plan is not confirmed, any other party in interest may be entitled to file and  
18 seek confirmation of a different plan. The Proponents believe that the Plan provides  
19 holders of Claims and Interests with the greatest value possible under the circumstances  
20 and greater value than any other plan currently on file. The Proponents believe that any  
21 subsequently proposed plan would also likely provide less favorable treatment than that  
22 to be afforded by the Plan and would further delay the payment of distributions.

23 **C. Relief From the Automatic Stay and Foreclosure**

24 Failure to confirm a plan also would increase the risk that the Bankruptcy Court  
25 could grant the motion filed by Hall for relief from the automatic stay to foreclose on the  
26 Debtor's real property and/or grant the motion filed by Ladera for relief from the  
27 automatic stay to foreclose on the 100% membership interests in New Cal-Neva.

## SECTION FIFTEEN

### GENERAL OVERVIEW OF CHAPTER 11

Chapter 11 of the Bankruptcy Code is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor may be reorganized or liquidated for the benefit of its stakeholders. Formulation of a plan is the principal objective of Chapter 11. In general, a plan (1) divides claims and interests into separate classes, (2) specifies the property or consideration that each class is to receive under the plan, and (3) contains other provisions necessary to the reorganization or administration of the debtor and its estate. Alternatively, the Bankruptcy Code allows a debtor to file a plan of liquidation that provides for the orderly liquidation of the assets of the debtor.

Chapter 11 does not require each holder of a claim or interest to vote in favor of the plan in order for the Bankruptcy Court to confirm the plan. However, the plan must be accepted by the holders of at least one class of claims that is impaired without considering the votes of “insiders” within the meaning of the Bankruptcy Code.

#### **A. Classification and Treatment of Claims and Equity Interests Generally**

Section 1123(a)(1) of the Bankruptcy Code requires that the plan must classify all claims (other than administrative expenses, administrative operating expenses, and priority tax claims) and interests.

In this case, the Proponents believe they have classified all Claims and Interests in compliance with the provisions of the Bankruptcy Code. If a holder of a Claim or Interest challenges such classification of the Claims or Interests, and the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Proponent, to the extent permitted by the Bankruptcy Court, intends to make such reasonable modifications to the classification of Claims or Interests under the Plan to provide for whatever classification might be required by the Bankruptcy Court for confirmation.

Except to the extent that such modification of classification adversely affects the



1 treatment of a holder of a Claim or Interest and requires re-solicitation, acceptance of the  
2 Plan by any holder of a Claim or Interest pursuant to this solicitation will be deemed to  
3 be a consent to the Plan's treatment of such holder of a Claim or Interest regardless of  
4 the class to which such holder of a Claim or Interest is ultimately deemed to belong.

5 The Bankruptcy Code also requires that the Plan provide the same treatment for  
6 each Claim or Interest in a particular Class unless the holder of a particular Claim or  
7 Interest agrees to a less favorable treatment of its Claim or Interest. The Proponents  
8 believe that the Plan complies with this standard. If the Bankruptcy Court finds that the  
9 Plan does not comply with this standard, it could deny confirmation of the Plan if the  
10 holders of Claims or Interests affected do not consent to the treatment afforded them  
11 under the Plan.

12 In accordance with the Bankruptcy Code, Administrative Expense Claims, U.S.  
13 Trustee's Fees, and Priority Tax Claims are not classified into classes. The Plan also  
14 specifies the treatment proposed for the Claims and Interests in each class.

15 **B. Good Faith Solicitation Under Section 1125**

16 The Plan provides that the Proponent, upon Confirmation of the Plan, shall be  
17 deemed to have solicited acceptances of the Plan in good faith and in compliance with  
18 the applicable provisions of the Bankruptcy Code.

19 The Proponents believe that the Plan treats the respective classes of Claims and  
20 Interests fairly and equitably in compliance with the absolute priority rule and fair and  
21 equitable standard of section 1129(b)(2) of the Bankruptcy Code. Because the  
22 Proponents have crafted the Plan to follow the Bankruptcy Code Distribution Priorities,  
23 the Proponents believe that the Plan provides each Creditor and Interest holder with at  
24 least as much, if not more, as it would receive if the Debtor was liquidated under Chapter  
25 7 of the Bankruptcy Code as required by section 1129(a)(7).

26 Set forth in detail elsewhere in this Disclosure Statement is a description of the  
27 technical aspects of confirmation of a Chapter 11 plan, the risks inherent in the Plan, and  
28 the applicable bankruptcy and tax consequences of the liquidation, as applicable, of the

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1 Debtor. The Plan is the product of lengthy discussions and negotiations between parties  
2 in interest and is based upon the Proponents' analysis of all Claims asserted or known  
3 as of the date hereof and an evaluation of the relative merits of potential conflicting  
4 Claims, including potential conflicting claims to priority of the Debtor's Secured Claims.  
5 The Proponents believe that the following overview of what holders of Claims and  
6 Interest holders will receive under the Plan will be helpful in your consideration of  
7 whether you wish to accept or reject the Plan.

8 Please do not return any other documentation with your ballot. For further  
9 information on casting a ballot to vote on the Plan, please see the General Information  
10 Section of this Disclosure Statement.

11 **C. "Yes" Votes Required for Acceptance; Voting Procedures**

12 Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an  
13 impaired class of claims as acceptance by holders of at least two-thirds in dollar amount,  
14 and more than one-half in number, of the claims of that class that actually cast ballots.  
15 An impaired class of holders of equity securities shall have accepted the plan if the plan  
16 is accepted by at least two-thirds in amount of the allowed equity securities of such class  
17 held by holders of such equity securities.

18 11 U.S.C. § 1126(d).

19 The vote of a creditor may be disregarded if the Bankruptcy Court determines,  
20 after notice and hearing, that the acceptance or rejection was not solicited or procured in  
21 good faith. A "Yes" vote will indicate your acceptance of the Plan, while a "No" vote will  
22 indicate your rejection of the Plan. The Proponents urge all parties-in-interest entitled to  
23 vote on the Plan to vote "Yes" to accept the Plan.

24 Some creditors may hold Impaired Claims or Interests in more than one class and  
25 must vote separately in each class. If you hold Claims or Interests in more than one  
26 class, or multiple Claims in the same class, you must cast a separate vote based on  
27 each individual Claim.

28 The following voting procedures (the "Voting Procedures") have been established

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1 with respect to the amount and classification of Claims and Interests, and the  
2 determination of the validity of ballots submitted, for voting purposes:

3 1. Unless otherwise provided in the Tabulation Rules (described below), a  
4 Claim will be deemed temporarily allowed for voting purposes in an amount equal to (a)  
5 if a proof of Claim has not been timely filed, the amount of such Claim as set forth in the  
6 Schedules or (b) the amount of such Claim as set forth in a timely filed proof of Claim.

7 2. If a Claim is deemed Allowed in accordance with the Plan, such Claim will  
8 be temporarily allowed for voting purposes in the deemed Allowed amount set forth in  
9 the Plan.

10 3. If a Claim for which a proof of Claim has been timely filed is marked in  
11 whole or in part in the Schedules as contingent, unliquidated, and/or disputed, such  
12 portion of the Claim that is marked as contingent, unliquidated, or disputed will be  
13 temporarily allowed for voting purposes in the amount of \$1.00.

14 4. If a Claim has been estimated or otherwise allowed for voting purposes by  
15 order of the Court, such Claim will be temporarily allowed for voting purposes in the  
16 amount so estimated or allowed by the Court.

17 5. If a Creditor casts more than one ballot voting the same Claim before the  
18 Voting Deadline, the last dated Ballot received before the Voting Deadline will be  
19 deemed to reflect the voter's intent and thus will supersede any prior Ballots.

20 6. Creditors will be required to vote all of their Claims within a particular class  
21 under the Plan either to accept or reject the Plan and may not split their vote. A ballot  
22 (or a group of ballots within a class received from a single creditor) that partially rejects  
23 and partially accepts the Plan will not be counted.

24 In addition, the following tabulation rules (the "Tabulation Rules") will be used for  
25 the tabulation of Ballots:

26 1. If a holder of a Claim identifies a claim amount on its ballot that is less than  
27 the amount otherwise calculated in accordance with these Tabulation Rules, the Voting  
28 Procedures, and/or the Schedules, the Claim will be temporarily allowed for voting

1 purposes in the lesser amount identified on such ballot.

2 2. Ballots that are otherwise validly executed but do not indicate either  
3 acceptance or rejection of the Plan will not be counted.

4 3. The Proponents will not accept ballots by e-mail or facsimile transmission.

5 4. Only ballots that are timely received with signatures will be counted.  
6 Unsigned ballots will not be counted.

7 5. Ballots postmarked prior to the Voting Deadline, but received after the  
8 Voting Deadline, will not be counted.

9 6. Ballots that are illegible, or contain insufficient information to permit the  
10 identification of the creditor, will not be counted.

11 7. If a creditor simultaneously casts inconsistent duplicate ballots with respect  
12 to the same Claim, no ballots from such creditor with respect to that Claim will be  
13 counted.

14 8. Unless otherwise ordered by the Court, questions as to the validity, form,  
15 eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots  
16 shall be determined by the Proponent, which determination shall be final and binding.

17 **IN ORDER TO BE COUNTED, EXCEPT TO THE EXTENT THE PROPONENTS**  
18 **SO DETERMINE OR AS PERMITTED BY THE BANKRUPTCY COURT PURSUANT**  
19 **TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 3018, BALLOTS MUST BE**  
20 **SIGNED AND RETURNED SO THAT THEY ARE ACTUALLY RECEIVED NO LATER**  
21 **THAN 4:00 P.M. (PREVAILING NEVADA TIME) ON THE VOTING DEADLINE, AT**  
22 **THE FOLLOWING ADDRESS:**

23 John Fiero  
24 Pachulski Stang Ziehl & Jones LLP  
25 150 California Street, 15<sup>th</sup> Floor  
26 San Francisco, California 94111-4500

27 Please follow the directions contained on the ballot carefully. As mentioned  
28 above, if your ballot is not signed and returned as described, it will not be counted. If

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1 your ballot is damaged or lost, or if you do not receive a ballot, you may request a  
2 replacement by addressing a written request to the foregoing counsel for the Committee  
3 at the address set forth above.

4 The process of soliciting acceptance of the Plan must be fair and open without  
5 outside influence in the form of representations, inducements, or duress of any kind. To  
6 the extent that you believe solicitation of your vote from any party is being sought  
7 outside of the judicially-approved and statutorily-defined disclosure requirements and  
8 Voting Procedures, please contact Proponent's counsel.

9 **SECTION SIXTEEN**

10 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

11 The Plan provides for distributions of Estate Assets, including the Sale Proceeds  
12 and Plan Payment, to certain holders of Claims at the times and on the terms prescribed  
13 in the Plan. Holders of Claims and Interests should consult their own tax advisors  
14 regarding the tax consequences of the treatment of the Claims and Interests under the  
15 Plan.

16 **SECTION SEVENTEEN**

17 **ABSOLUTE PRIORITY RULE AND CRAM DOWN**

18 The Proponents have crafted the Plan to follow the Bankruptcy Code Distribution  
19 Priorities. As such, the Proponents believe that the Plan does not violate the "absolute  
20 priority rule" and if a Class of Creditors does not vote to accept the Plan, it may be  
21 "crammed down" and confirmed notwithstanding such rejection.

22 **SECTION EIGHTEEN**

23 **CONCLUSION AND RECOMMENDATION**

24 ***[The Proponents are not soliciting ballots at this time. This language is***  
25 ***included to reflect the language to be used if the Disclosure Statement is***  
26 ***approved.]*** The Proponents believe that confirmation of the Plan, by providing for a

27 maximum return to Creditors through an orderly prudent and cost-effective liquidation  
28 through a stalking horse sale of substantially all of the Debtor's assets subject to

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1 overbidding and a distribution process through a Liquidating Debtor, is desirable and in  
2 the best interests of all holders of Claims and Interests. The Proponents therefore urge  
3 you to vote "Yes" to accept the Plan.

4

5

6 Dated: August 7, 2017

7

8 **LAWRENCE INVESTMENTS, LLC**

**THE OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS**

9

10 /s/ Eric Goldberg

/s/ Shirley S. Cho

11 Eric Goldberg  
12 DLA Piper LLP (US)

13 John D. Fiero  
14 Shirley S. Cho  
15 Pachulski Stang Ziehl & Jones LLP

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# EXHIBIT A

PLAN OF LIQUIDATION DATED

AUGUST 7, 2017

BEING FILED SEPARATELY

**Exhibit B  
Secured Claims**

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>	<b>Claim Status</b>
Advance Installations, Inc.*	Not Scheduled	\$20,413.00	Disputed as to amount/priority and/or validity of lien
Belfor USA Group**	Not Scheduled	\$89,742.11	Disputed as to amount/priority and/or validity of lien
D4US, LLC dba Dimension 4*	\$452,306.86 (General Unsecured)	\$452,306.86	Disputed as to amount/priority and/or validity of lien
Hall CA-NV, LLC	\$21,247,285.60	\$24,877,656.55	
Ladera Development, LLC	\$7,500,000.00	\$7,678,616.91	
Lumos & Associates**	\$15,864.74	\$16,319.00	Disputed as to amount/priority and/or validity of lien
Moulin, Xavier**	\$103,482.35 (General Unsecured)	\$191,093.30, including a \$12,850 priority claim	Disputed as to amount/priority and/or validity of lien
Placer County Tax Collector	\$29,796.54 (Priority)	\$60,815.53	
PENTA Building Group, LLC (includes entities on attached Exhibit B-1)	Not Scheduled	\$9,151,534.58	Disputed as to amount/priority and/or validity of lien
Washoe County Treasurer	\$39,510.78 (Priority)	\$106,399.45	



\* - Denotes Lien Litigation Mechanic's Lien Claimant

\*\* - Denotes Other Mechanic's Lien Claimant

**Exhibit B-1**  
**PENTA Building Group, LLC Secured Claims**

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
Al Pombo Inc.	Not Scheduled	\$915,563.00
Breslin Builders	Not Scheduled	\$306,587.45
Briggs Electric Inc.	Not Scheduled	\$1,064,480.06
C & C Floors, LLC	Not Scheduled	\$26,325.00
Capital Glass, Inc.	Not Scheduled	\$344,352.10
Curtain Wall Design & Consulting Inc.	Not Scheduled	\$28,700.00
East Bay Restaurant Supply, Inc.	Not Scheduled	\$1,340.73
Environmental Transportation	Not Scheduled	\$2,713.35
Glass Fab Tempering Service	Not Scheduled	\$16,262.90
Henri Specialties Co. Inc.	Not Scheduled	\$80,881.00
Holland Waterproofing	Not Scheduled	\$2,900.00
Lindell's Painting Service	Not Scheduled	\$880,065.65
Madole Construction Co. Inc.	Not Scheduled	\$2,308.20
Martin Iron Works	Not Scheduled	\$65,995.75
Morgan Construction, Inc.	Not Scheduled	\$14,295.00
Mt. Rose Heating & Air Conditioning, Inc.	Not Scheduled	\$360,537.00
Northern Nevada Fire Protection, Inc.	Not Scheduled	\$159,588.77
Painters Trust	Not Scheduled	\$327,536.65
Quality Tile & Marble, Co., Inc.	Not Scheduled	\$139,086.54
Quick Space	Not Scheduled	\$1,537.50
Reno Ornamental	Not Scheduled	\$201.95

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
Savage & Sons Inc.	Not Scheduled	\$104,283.00
Scott Zemp Masonry, Inc.	Not Scheduled	\$114,074.39
Sierra Single Ply, Inc.	Not Scheduled	\$8,340.00
Sky Design Concepts, Inc.	Not Scheduled	\$123,399.00
Terra Firma	Not Scheduled	\$2,000.00
U.S. Granite-Nevada Inc.	Not Scheduled	\$102,451.18
Valley Concrete Co., Inc.	Not Scheduled	\$258,896.59
Victory Woodworks, Inc.	Not Scheduled	\$240,616.17
Vortex Steel, Inc.	Not Scheduled	\$23,895.26
Wesco Distribution, Inc.	Not Scheduled	\$110,736.80
Western Water Features, Inc.	Not Scheduled	\$132,718.22

**Exhibit C  
Priority Claims**

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
Dept. of Employment Training & Rehab	\$0.00	No POC Filed
Employment Development Dept.	\$0.00	No POC Filed
Franchise Tax Board	\$0.00	\$1,698.32 priority \$100 general unsecured
Nevada Dept. of Taxation	\$0.00	No POC Filed
State Board of Equalization	\$0.00	No POC Filed
Weig, Rozlynn Lilliana	\$2,666.00 (General Unsecured)	\$406,643.00 (Allowed as priority claim of \$2,666.00 only per Dkt. No. 328)

**Exhibit D**  
**General Unsecured Claims**

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
Alert Security	\$28,111.75	No POC Filed
AT&T	\$149.33	No POC Filed
Charter Business	\$680.03	No POC Filed
Craig Roberts Associates	\$7,151.63	No POC Filed
Dixon, Michael and Sharon	\$100,000.00	No POC Filed
Franchise Tax Board	\$0.00 (priority)	\$100.00
Hall, Thomas J.	\$87.50	No POC Filed
Hill, Heather	\$4,400.00	No POC Filed
Hinckley, Allen & Snyder	\$3,536.00	No POC Filed
Internal Revenue Service	\$0.00 (priority)	\$100.00
Iverson, Brandyn	\$100,000.00	No POC Filed
Jameson, Paul	\$50,000.00	No POC Filed
Jeffer Mangels Butler & Mitchell LLP	Not Scheduled	\$92,646.07
Jordan Knighton Architects, Inc.	Not Scheduled	\$30,684.36
Law Office of Thomas J. Hall	\$1,796.75	\$2,758.92
Munnerlyn, Charles R. and Judy G.	\$100,000.00	No POC Filed
National Corporate Research Ltd.	\$178.00	No POC Filed
Nextiva Inc.	\$16,645.29	No POC Filed
No. Lake Tahoe Fire Protection District	\$17,418.05	\$17,418.05
Northstar Demolition	\$96,201.18	No POC Filed

<b>Name</b>	<b>Scheduled Amount</b>	<b>Proof of Claim Amount</b>
NV Energy	\$9,847.56	\$5,568.00
Okubo, Marx	\$5,695.36	No POC Filed
Pacey-Willis, Lisa	\$4,400.00	No POC Filed
Paul Duesing Partners	\$90,380.88	\$90,380.88
Pezionella Associates Inc.	\$34,609.25	No POC Filed
Southwest Gas Corporation	\$1,907.14	No POC Filed
Star Reports	\$475.00	No POC Filed
Thannisch Development Services Inc.	\$94,539.69	No POC Filed
The Sheraton LLC	\$30,278.39	\$1,058.39
Trident I LLC	\$115,000.00	No POC Filed
Yount, George Stuart	Not Scheduled	\$1,000,000,000

**CERTIFICATE OF SERVICE**

1. On **August 7, 2017**, I served the following document(s):

**DISCLOSURE STATEMENT FOR PLAN OF LIQUIDATION FOR NEW CAL-NEVA LODGE, LLC JOINTLY PROPOSED BY LAWRENCE INVESTMENTS, LLC AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS DATED AUGUST 7, 2017**

2. I served the above-named document(s) by the following means to the persons as listed below:

***(check all that apply)***

a. **United States mail, postage fully prepaid**  
***(List persons and addresses. Attach additional paper if necessary)***

3. On **August 7, 2017**, I served the above-named document(s) by the following means to the persons as listed below:

***(check all that apply)***

a. **ECF System** ***(You must attach the "Notice of Electronic Filing", or list all persons and addresses and attach additional paper if necessary)***

**I declare under penalty of perjury that the foregoing is true and correct.**

Signed on (date): August 7, 2017

Sophia L. Lee  
(Name of Declarant)

/s/ Sophia L. Lee  
(Signature of Declarant)

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