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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

12	In re RAHA LAKES ENTERPRISES, LLC,	)	Case No: 2:12-bk-43422-ER
13	Debtor.	)	Chapter 11
14	<i>Jointly Administered with</i>	)	(Jointly administered with 2:12-bk-43589-
15	In re MEHR IN LOS ANGELES	)	ER)
16	ENTERPRISES, LLC,)	
17	Debtor.	)	JOINT DISCLOSURE STATEMENT
18	<input type="checkbox"/> <i>Applied only to Raha Lakes Enterprises, LLC</i>	)	DESCRIBING JOINT PLAN OF
19	<input type="checkbox"/> <i>Applies only to Mehr in Los Angeles</i>	)	REORGANIZATION
20	<i>Enterprises, LLC</i>	)	Date: March 6, 2013
21		)	Time: 10:00 a.m.
22		)	Place: Courtroom 1568
23		)	255 E. Temple Street
24		)	Los Angeles, CA 90012

1 Raha Lakes Enterprises, LLC (Case No. 2:12-bk-43422-ER) ("**Raha Lakes**") and Mehr in
2 Los Angeles Enterprises, LLC (Case No. 2:12-bk-43589-ER) ("**Mehr**") (collectively, the
3 "**Debtors**"), the debtors and debtors in possession herein in these jointly administered bankruptcy
4 cases, (the "**Plan Proponents**") hereby submit this Joint Disclosure Statement (the "**Disclosure**
5 **Statement**") with respect to the Joint Plan of Reorganization (the "**Plan**"), and represents as
6 follows:

7 I.

8 **INTRODUCTION**

9 This Disclosure Statement is intended to provide creditors of the Debtors with adequate
10 information to enable them to make an informed decision with respect to accepting or rejecting the
11 Plan. On October 3, 2012 and October 4, 2012 (the "**Petition Date**"), the Debtors commenced
12 these bankruptcy cases by filing a Voluntary Petition under Chapter 11 of Title 11 of the United
13 States Bankruptcy Code (the "**Bankruptcy Code**" or the "**Code**"), 11 U.S.C. § 101 et seq.
14 Chapter 11 allows the Debtors, and under some circumstances, creditors and other parties in
15 interest such as the Plan Proponents, to propose a plan of reorganization. The Plan may provide
16 for the Debtors to reorganize by continuing to operate, to liquidate by selling assets of the estate,
17 or a combination of both. The Debtors are the party proposing the Plan sent to you in the same
18 envelope as this document, and, as such, are sometimes referred to as "Proponents" or the "Plan
19 Proponents". **THE PLAN PROPONENTS URGE YOU TO VOTE "YES" ON THE PLAN.**
20 **THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR**
21 **THE ENCLOSED PLAN.**

22 The Plan is a reorganization plan in which the Debtors have reorganized its
23 business operations to enable it to make orderly distributions to creditors of the Debtor's estate
24 (the "**Estate**") on their prepetition claims. The Debtors (the "**Plan Proponents**") estimate that
25 such distributions to unsecured creditors of both bankruptcy estates¹ will be accomplished within
26 one (1) year from the Effective Date of the Plan, and distributions to secured creditors will be

27 _____
28 ¹ The creditors and claims of both cases are identical.

1 according to the terms of their security interests and the Plan. Payments under the Plan will be
2 made from the proceeds of the operation of the Debtor's business which is primarily the business
3 of operating and managing the real property located at 912, 916 & 920 San Pedro Street and 718
4 E. 9th Street, Los Angeles, California 90015, and is at the South-East corner of 9th Street and San
5 Pedro Street, in the Garment District in Downtown Los Angeles (the "**Property**"). The proposed
6 "Effective Date" of the Plan is thirty (30) days from the entry of a final non-appealable order
7 confirming the Plan (the "**Confirmation Order**"), unless there is a stay in effect, in which case the
8 Effective Date shall be the first business day after the stay is no longer in effect with respect to the
9 Plan Confirmation Order. The Debtors, following the Effective Date, will be referred to herein as
10 the "**Reorganized Debtors.**"

11 **A. Purpose of This Document**

12 This Disclosure Statement summarizes what is in the Plan, and tells you certain
13 information relating to the Plan and the process the Court follows in determining whether to
14 confirm the Plan.

15 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO**
16 **KNOW ABOUT:**

- 17 **(1) WHO CAN VOTE OR OBJECT,**
18 **(2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your claim will**
19 **receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO**
20 **WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,**
21 **(3) THE HISTORY OF THE DEBTORS AND SIGNIFICANT EVENTS DURING**
22 **THE BANKRUPTCY,**
23 **(4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR**
24 **NOT TO CONFIRM THE PLAN,**
25 **(5) WHAT IS THE EFFECT OF CONFIRMATION, AND**
26 **(6) WHETHER THE PLAN IS FEASIBLE.**

27 This Disclosure Statement cannot tell you everything about your rights. You should
28 consider consulting your own lawyer to obtain more specific advice on how the Plan will affect

1 you and what is the best course of action for you.

2 Be sure to read the Plan as well as the Disclosure Statement. If there are any
3 inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

4 The Code requires a Disclosure Statement to contain "adequate information" concerning
5 the Plan. The Bankruptcy Court ("Court") has approved this document as an adequate Disclosure
6 Statement, containing enough information to enable parties affected by the Plan to make an
7 informed judgment about the Plan. Any party may now solicit votes for or against the Plan.

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

9 **THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS**
10 **DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE**
11 **NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS**
12 **THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTORS AND ON ALL**
13 **CREDITORS AND INTEREST HOLDERS IN THE CASE.**

14 **1. Time and Place of the Confirmation Hearing**

15 The hearing at which the Court will determine whether or not to confirm the Plan will take
16 place on _____, 2013, at _____ m. in Courtroom 1568, 255 E. Temple Street, Los
17 Angeles, California 90012.

18 **2. Deadline for Voting For or Against the Plan**

19 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot
20 ("Ballot") and return the Ballot in the enclosed envelope to Michael S. Kogan, 1901 Avenue of the
21 Stars, Suite 1050, Los Angeles, California 90067.

22 Your Ballot must be received by 4:00 p.m., pacific daylight time on _____, 2013 or it will
23 not be counted.

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

25 Objections to confirmation of the Plan must be filed with the Court and served upon
26 Counsel to the Plan Proponents at 1901 Avenue of the Stars, Suite 1050, Los Angeles, California
27 90067 by 4:00 p.m. _____, 2012.

28

1 with the Court by the Debtors, as amended from time to time, and which is not listed as disputed,
2 contingent or unliquidated and, in either case, as to which no objection to allowance thereof has
3 been interposed within the applicable period of limitations fixed by the Bankruptcy Court, or as to
4 which any such objection has been determined by an order or judgment which has become a Final
5 Order. An Allowed Claim shall not include any unmatured or post-petition interest unless
6 otherwise stated in the Plan.

7 4. **"Allowed Interest"** shall mean an interest with respect to which (i) a proof of interest
8 has been timely filed with the Court or (ii) which is scheduled in the list of interest holders
9 prepared and filed with the Court by the Debtors, as amended from time to time, and which is not
10 listed as disputed, contingent or unliquidated and, in either case, as to which no objection to
11 allowance thereof has been interposed within the applicable period of limitations fixed by the
12 Bankruptcy Court, or as to which any such objection has been determined by an order or judgment
13 which has become a Final Order. An Allowed Interest shall not include any unmatured or post-
14 petition interest unless otherwise stated in the Plan.

15 5. **"Allowed Priority Claim"** shall mean any Allowed Claim, other than an Allowed
16 Administrative Expense or an Allowed Tax Claim, which is entitled to priority pursuant to Section
17 507(a) of the Bankruptcy Code.

18 6. **"Allowed Secured Claim"** shall mean any Allowed Claim which is secured by a
19 validly perfected security interest.

20 7. **"Allowed Tax Claim"** shall mean any Allowed Claim which is entitled to priority
21 pursuant to Section 507(a)(7) of the Code.

22 8. **"Allowed Unsecured Claim"** shall mean any Allowed Claim, other than an Allowed
23 Administrative Claim, Allowed Priority Claim, Allowed Secured Claim, or Allowed Tax Claim.

24 9. **"Avoidance Action"** shall mean any cause of action asserted or assertable against any
25 party to seek recovery of money or property pursuant to Sections 542, 543, 544, 545, 547, 548,
26 549, 550 or 553 of the Bankruptcy Code or under any applicable law.

27 10. **"Bankruptcy Code"** or **"Code"** shall mean Title 11 of the United States Code, section
28 101, et seq. Unless otherwise indicated, all citations in this Plan are to the Code.

1 11. "**Bankruptcy Court**" or "**Court**" shall mean the United States Bankruptcy Court for
2 the Central District of California, in which the Case is currently pending, or such other court of
3 competent jurisdiction that is exercising jurisdiction over the Case at the time of Confirmation.

4 12. "**Bankruptcy Rules**" shall mean the Federal Rules of Bankruptcy Procedure.

5 13. "**Bar Date**" shall mean the last date for filing claims, which date has been set as
6 February 28, 2013, by the Court.

7 14. "**Case**" or "**Reorganization Case**" shall mean Raha Lakes Enterprises, LLC (Case No.
8 2:12-bk-43422-ER) ("**Raha Lakes**") and Mehr in Los Angeles Enterprises, LLC (Case No. 2:12-
9 bk-43589-ER) ("**Mehr**"), currently pending in the United States Bankruptcy Court for the Central
10 District of California.

11 15. "**Claim**" shall mean any right to payment, whether or not such right is reduced to
12 judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed,
13 legal, equitable, secured, or unsecured, or any right to an equitable remedy for breach of
14 performance if such breach gives rise to a right to payment, whether or not such right to an
15 equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed,
16 undisputed, secured or unsecured.

17 16. "**Class**" shall mean any grouping into which Allowed Claims or Allowed Interests are
18 classified pursuant to this Plan.

19 17. "**Confirmation**" shall mean the date of entry of the Confirmation Order.

20 18. "**Confirmation Date**" shall mean the date on which the Confirmation Order is entered
21 by the Clerk of the Bankruptcy Court.

22 19. "**Confirmation Order**" shall mean the written order of the Bankruptcy Court
23 confirming the Plan under Section 1129 of the Code.

24 20. "**Creditor**" or "**Claimant**" shall mean any person or entity holding an Allowed Claim.

25 21. "**Debtors**" shall mean Raha Lakes Enterprises, LLC (Case No. 2:12-bk-43422-ER)
26 ("**Raha Lakes**") and Mehr in Los Angeles Enterprises, LLC (Case No. 2:12-bk-43589-ER)
27 ("**Mehr**"), Debtors in this Case.

28 22. "**Disputed Claim**" shall mean (i) any alleged claim against the Debtors which may be

1 filed with the Bankruptcy Court on or before the Effective Date with respect to which an objection
2 has been filed by a party in interest (including, without limitation, the Trustee), which objection
3 has not been withdrawn or resolved by entry of a Final Order on or before the Effective Date and
4 (ii) any claim listed as disputed on the Debtor's schedules.

5 23. "**Distribution**" shall mean the pro rata distribution(s) to holders of Allowed Claims in
6 a Class.

7 24. "**Distribution Date**" when used with respect to an Allowed Claim, shall mean the later
8 of (i) the Effective Date or as soon as practicable thereafter, or (ii) the date upon which the claim
9 becomes an Allowed Claim.

10 25. "**Effective Date**" shall mean the thirtieth business day after the Confirmation Date.

11 26. "**Estate**" shall mean the estate created in the Reorganization Case pursuant to section
12 541 of the Bankruptcy Code.

13 27. "**Final Order**" shall mean an order or judgment of the Bankruptcy Court as to which
14 any appeal that has been or may be taken has been resolved or as to which the time for appeal has
15 expired.

16 28. "**Interest Holder**" shall mean any holder of an interest in the Debtors.

17 29. "**OUST**" shall mean the Office of the United States Trustee.

18 30. "**Petition Date**" shall mean October 3, 2012 and October 4, 2012, the dates upon which
19 the Debtors filed their Chapter 11 petitions with the Court.

20 31. "**Plan**" shall mean the Joint Plan of Reorganization filed concurrently herewith in its
21 entirety, including all addenda, exhibits, schedules, and other attachments hereto, as amended or
22 modified from time to time.

23 32. "**Property**" shall mean the Debtor's real property located at 912, 916 & 920 San Pedro
24 Street and 718 E. 9th Street, Los Angeles, California 90015, and is at the South-East corner of 9th
25 Street and San Pedro Street, in the Garment District in Downtown Los Angeles.

26 33. "**Reorganized Debtors**" shall mean the Estate of the Debtors, as modified and
27 restructured by the Plan after the Effective Date.

28 A term or phrase used in this Plan and Disclosure Statement that is not specifically defined

1 above but that is used in the Bankruptcy Code has the meaning assigned to that term or phrase in
2 the Bankruptcy Code.

3 **III.**

4 **BACKGROUND**

5 **A. Description and History of the Debtor's Business Activities and Events Leading to**
6 **Chapter 11**

7 Raha Lakes and Mehr, which are owned by the same family, became involved with the
8 Property in the early 1990's when they entered into a long term ground lease on the Property, and
9 converted the Property to its existing form. Initially, the Property was purchased in proportion to
10 the interests in the ground lease by Kamran Shakib (Kayhan Shakib's brother) - 42.5%, Raha
11 Lakes Enterprises, LLC (Kayhan Shakib and his wife Roshanak Rahnama) - 42.5%, and Mehr in
12 Los Angeles Enterprises, LLC (parents of Kayhan Shakib) - 15%.

13 In or about November 2006, the Debtors were formed and purchased the Property. The
14 Property is located at 900 South San Pedro Street, Los Angeles, and is at the South-East corner of
15 9th Street and San Pedro Street, in the Garment District in Downtown Los Angeles. The Property,
16 which covers two thirds of a city block, consists of approximately 58,352 square feet of land and
17 36,833 square feet of building and fronts three streets, namely, 9th Street, San Pedro Street and 9th
18 Place. The Property's gross annual income is approximately \$540,000 and its net operating
19 income is approximately \$350,000.

20 On or about November 6, 2006, the Debtors executed and delivered to Wilshire State Bank
21 a Promissory Note (the "Note" or "Loan") Secured by Deed of Trust and Assignment of Rents in
22 the principal sum of \$8,500,000 to finance the purchase transaction. The loan was structured by
23 two identical notes, one in the amount of \$6,000,000 and the other \$2,500,000, secured by the
24 Property, with such security documents perfected and filed with the County Recorder's Office.
25 The Note was for the initial term of 3 years with an interest rate of 7.5%, payable as interest only.

26 The appraisal Wilshire State Bank obtained for the Property at the time of its acquisition,
27 valued the Property at \$32,700,000.

28 **The Loan Extension.**

1 The maturity of the initial term of the Note (November 2009) coincided with the crash of
2 the financial markets. At approximately the same time, not only did the country's economic
3 conditions place stress on the profitability of the Debtors, but also the personal financial troubles
4 of Kamran Shakib, who at that time owned a 42.5% interest individually on the Property, and had
5 an additional loan with Wilshire State Bank, caused significant problems for the Debtors. The
6 Debtors requested an extension of the Loan, however, Wilshire State Bank requested a deposit of
7 \$250,000 from the Debtors, and Kamran Shakib was unable to put up his share of the deposit, or
8 pay for the points Wilshire State Bank requested.

9 After a number of months of negotiations and two short term extensions, on June 30, 2010,
10 the Debtors and Wilshire State Bank agreed to extend the Loan for two years, and reduce the
11 interest rate to 5% to be increased to 5 ½ % in year two. The parties executed the Reaffirmation
12 Agreement and Amendment to Loan Documents, which was backdated by Wilshire State Bank to
13 April 6, 2010, and therefore the new maturity date for the Loan was April 6, 2012. The point
14 charges and \$250,000 deposit were paid by Raha Lakes as Kamran Shakib was unable to pay his
15 share.

16 **Disputes with Kamran Shakib and Subsequent Purchase of his interest in the**
17 **Property by Raha Lakes.**

18 Kamran Shakib defaulted on his loan to Wilshire State Bank on another unrelated loan to
19 that of the Debtors, and a lawsuit between Kamran Shakib and Wilshire State Bank was filed in
20 which he alleged fraud against the Bank.² In addition, Kamran Shakib was not paying his portion
21 of the expenses of the Property, and rent payments for the use of a portion of the Property. At
22 approximately the same time, the Debtors in August 2011 approached Wilshire State Bank to
23 discuss a further extension of the Loan, which was to mature in seven (7) months. Wilshire State
24 Bank's position was that they would not consider extending the loan with Kamran Shakib as a
25 borrower, but that they would extend it if Kamran Shakib would sell his position to Raha and
26 Mehr. Furthermore, by that time, Kayhan Shakib's and the Debtors disputes with Kamran Shakib

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28 ² None of the Debtors principals were involved in that transaction.

1 had escalated to a lawsuit. Negotiations to settle the matter with Kamran Shakib included the
2 transfer of Kamran Shakib's interest in the Property to Raha Lakes. However, prior to finalizing
3 the deal, Wilshire State Bank sold the Note to San Pedro Investment, LLC ("**San Pedro**" or
4 "**SPI**"). The transfer of Kamran Shakib's interest in the Property was subsequently finalized in
5 March 2012.

6 **Assignment of the Note to San Pedro.**

7 On or about October 2011, the Note was sold and assigned by Wilshire State Bank to San
8 Pedro. At the time of the purchase of the Note by San Pedro, the Note was current. Subsequently
9 despite numerous requests, San Pedro has not sent any billing statements. Furthermore, there is a
10 dispute over the amount currently owed and the accounting of payments and application of interest
11 payments, and San Pedro has refused to respond to the Debtors inquiries and correspondence on
12 this issue. Nonetheless, the Debtors in good faith and under protest made payments based on their
13 best estimates in January, February, and March of 2012. The Debtors approached San Pedro as the
14 Note was due to mature, to (1) obtain San Pedro's consent to the transfer of Kamran Shakib's
15 interest to Raha Lakes, and (2) obtain a short term extension of the maturity date of the Note, so
16 that the Debtors could obtain new financing. In March 2012, San Pedro, provided their consent to
17 the transaction with Kamran Shakib and promised to send a formal draft of agreement to give the
18 short term extension. Raha Lakes therefore closed the escrow with Kamran Shakib and acquired
19 his interest in the Property on March 8, 2012. The parties then exchanged draft forbearance
20 agreements, and then inexplicably San Pedro decided to no longer go forward with the agreement
21 that they had consented to and filed a notice of default in June 2012.

22 **Value of the Property.**

23 The Property is situated in the growing Garment District Retail Condo development area
24 in Downtown Los Angeles, less than 100 feet from Crocker Street which is now the most prime
25 location for the industry. A recent report of comparable properties reviewed by the Debtors for
26 developed Retail Condos clearly establish a price of over \$1,500 per square foot for a good
27 development in the area. Aerial photographs of the land sales in the immediate area demonstrate
28 the recent progression of the market in this area. The last two sales in July 2012, connected the

1 market to the Property, given their extremely close proximity to the Property. The property
2 located at 739 E. 9th Street (“**Property A**”) was sold for \$9,750,000 on July 15, 2012. It is the
3 Debtors understanding that the escrow for Property A occurred many months ago, before the seller
4 had the opportunity to assess the effect of the sales of the property at 940 Crocker/933 Towne
5 (“**Property C**”) and the property at 924 Towne/921-37 Stanford (“**Property D**”) on the value of
6 his property. More notably, Property C was sold for \$550 per square foot for a land only deal. The
7 building on Property C needs to be demolished as it is a useless old chicken factory. **At that**
8 **price, the value of the Property owned by the Debtors would be \$35,000,000.** Even based on
9 the square foot pricing of Property A, the Property of the Debtors would have a value of about
10 \$25,000,000, based on \$400 per square foot price for the land or \$500 per square foot for building
11 and some adjustments for the extra land when you compare the Debtors Property to Property A.
12 Thus, the Debtors present estimate of value of the Property is \$24,000,000.

13 **B. Significant Events during the Bankruptcy Case**

14 **1. Bankruptcy Proceedings**

15 The following is a chronological list of significant events which have occurred during this
16 case:

17 **Employment of Professionals**

18 The Court has approved the employment of the following professionals:

19 Kogan Law Firm, APC, 20 general bankruptcy counsel to the Debtors	Order Approving Employment entered on October 31, 2012.
21 Daum Commercial Real Estate Services, Real Estate 22 Agents to the Debtors	Order Approving Employment entered on November __, 2012.

23 During the bankruptcy case, the Debtors engaged in lengthy conferences and meetings in
24 an effort to put together what would be an effective plan of reorganization. As such, the Debtors
25 have moved this case with due speed towards the filing of the Plan.

26 A summary of the significant events during the bankruptcy case is described below.

27 The Debtors appeared at its initial debtor interview (“**IDI**”) and its meeting of creditors
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1 conducted pursuant to §341(a) of the Bankruptcy Code with the Office of United States Trustee
2 (“OUST”). The Debtors also responded to various document requests from the OUST, including
3 preparing documents to comply with the OUST’s guidelines and requirements, along with those
4 involving employment of professionals. The Debtors also prepared monthly operating reports, and
5 filed these reports with the OUST.

6 The Debtors filed initial first day motions, accompanying notices, and declarations. The
7 Debtors filed the Emergency Motion for Order Authorizing Use of Cash Collateral and for
8 Adequate Protection (the "**Cash Collateral Motion**"). The Cash Collateral Motion was necessary
9 to allow the Debtors to continue their post-petition business operation. Without it, the Debtors
10 would not have been allowed to continue to use cash collateral and therefore would not have been
11 able to continue its operations. The Court approved the Cash Collateral Motion on an interim basis
12 and set it for final hearing. In addition, the Court approved the Debtors motion concerning its
13 continued utility service and deposits.

14 Following the Petition Date, the Debtor and SPI entered into negotiations regarding the
15 Debtor’s use of cash collateral from the Estate. Prior to the final hearing on the Cash Collateral
16 Motion, the Debtors and SPI, entered into and filed the Motion to approve its Stipulation for Use
17 of Cash Collateral ("**Stipulation**") between the Debtors and its secured creditor SPI. As part of
18 the Stipulation, the Debtor submitted a budget acceptable to its secured creditor, SPI. The
19 Stipulation for use of Cash Collateral, was approved by the Court.

20 The employment of Daum Commercial Real Estate Services ("**Daum**") was approved by
21 the Court, and Daum has been marketing the Property for sale since approximately November
22 2012. As of the date of the filing of the Disclosure Statement, the Debtors have received two (2)
23 bona fide offers for purchase of the Property at values which substantially exceed all claims
24 against the Estate. The Debtors continue to market the Property with the expectation that the
25 Property will obtain an offer at approximately \$24,000,000.

26 The Plan will be funded by the following sources and in the following order of priority
27 based on available capital: (1) the operation of the Property, (2) the refinance or sale of the
28 Property on or before the maturity of the SPI Loan obligations, and (3) contributions from the

1 Debtor's principal owner, Kayhan Shakib from either personal assets or entities he owns interests
2 in. If the operation of the Property or the refinance or sale of the Property does not result in
3 sufficient capital to fund the Plan, the Debtors expect that the Debtor's principal owner, Kayhan
4 Shakib, will provide capital contributions to fund outstanding obligations. The Debtor's principal
5 owners are Kayhan Shakib and his wife Roshanak Rahnama. Kayhan Shakib is the Property's
6 project manager. Kayhan Shakib expects to fulfill any capital contribution from his business
7 operations or savings and will determine the amount to be funded as necessity dictates.

8 **2. Current and Historical Financial Conditions**

9 The identity and fair market value of the Estate's assets are listed in Exhibit "A". See also
10 the financial projections set forth in Exhibit "B".

11 **IV.**

12 **SUMMARY OF THE PLAN OF REORGANIZATION**

13 **A. What Creditors and Interest Holders Will Receive Under the Proposed Plan**

14 As required by the Bankruptcy Code, the Plan classifies claims and interests in various
15 classes according to their right to priority. The Plan states whether each class of claims or interests
16 is impaired or unimpaired. The Plan provides the treatment each class will receive.

17 **B. Unclassified Claims**

18 Certain types of claims are not placed into voting classes; instead they are unclassified.
19 They are not considered impaired and they do not vote on the Plan because they are automatically
20 entitled to specific treatment provided in the Code. As a result, the Proponents have not placed the
21 following claims in a class.

22 **1. Administrative Expenses**

23 Administrative expenses are claims for costs or expenses of administering the Case which
24 are allowed under Code section 507(a)(1). The Code requires that all administrative claims be paid
25 on the Effective Date, unless a particular claimant agrees to a different treatment.

26 The following chart lists all of the Debtor's § 507(a)(1) administrative claims and their
27 treatment under the Plan:
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<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Kogan Law Firm, APC, counsel to the Debtors	\$30,000 (estimated amount in excess of retainer and court approved interim fee awards)	Paid in cash on the later of the following to occur: (a) the Effective Date; or (b) the date the Court enters an order approving the fees and reimbursement of expenses.
Office of the U.S. Trustee Fees	\$750	Paid in full on Effective Date
TOTAL	Estimate: \$30,750	

Court Approval of Fees Required:

The Court must rule on all fees listed in this chart before the fees will be owed. For all fees except U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be owed and required to be paid under this Plan. The amounts set forth above are estimates made by the respective professionals of the approximate amount which will be due after the application of any retainer.

As indicated above, the Plan Proponents will need to pay only minimal Court costs and U.S. Trustee quarterly fees on the Effective Date of the Plan. As indicated elsewhere in this Disclosure Statement, the Plan Proponents will have approximately \$50,000 of cash on hand on the Effective Date of the Plan.

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the Estate. The following chart lists the Classes of creditors who hold secured pre-petition claims and the treatment of that Class under the Plan:

<u>Class#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>(Y/N)</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
1	Secured claim of: • Name = San Pedro Investment, LLC • Collateral description =	N	Y	On the Effective Date, San Pedro Investment, LLC ("SPI") shall have an allowed secured claim equal to the amount of principal and non-default

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	<p>Debtor's fee simple interest in the Property</p> <ul style="list-style-type: none"> • Collateral value = \$24,000,000 • Priority of security int. = First • Principal and interest and fees/costs owed = Approx. \$6,144,820 as of 10/3/12 or as determined by the Court <p>• Total claim amount to be allowed through Plan and amortized and paid as of 10/3/12 = \$6,144,820 or as determined by the Court (the "SPI Secured Claim").</p>			<p>interest owed on the Effective Date (the "SPI Secured Claim").</p> <p>The SPI Secured Claim will continue to be secured by the Property. The SPI Secured Claim shall accrue interest after the Effective Date at a rate of 5 1/2% per year and will be due in three (3) years with payments amortized over 360 months and paid in equal monthly installments of \$30,000. The Principal balance shall be due on the last day of the 36th month following the first month after the Effective Date.</p> <p>The Reorganized Debtor shall make monthly payments, with the first payment due on the first business day of the second full month following the Effective Date (with such payment to cover the period from the Confirmation Date), and all subsequent payments due on the first business day of the month (for interest accrued for the previous month).</p> <p>The Reorganized Debtor shall have a ten (10) day grace period before any payment is deemed to be a late payment.</p> <p>Except as provided in this section, and notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all valid, enforceable and perfected prepetition liens and guarantees of SPI shall survive the Effective Date and continue in accordance with the contractual terms of the underlying agreements until the SPI Secured Claim is satisfied pursuant to the Plan; provided however, that SPI shall be prohibited from exercising rights or remedies pursuant to such underlying agreements, including and not limited to Kayhan Shakib and his wife Roshanak Rahnama, so long as the Reorganized Debtors is in compliance with the Plan.</p> <p>The Plan Proponents reserve the right to prepay all or any part of the</p>
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				principal, accrued interest, or other charges, without penalty or fees.
2	<p>Secured claim of:</p> <ul style="list-style-type: none"> • Name = San Pedro Investment, LLC • Collateral description = Debtor's fee simple interest in the Property • Collateral value = \$24,000,000 • Priority of security int. = Second • Principal and interest and fees/costs owed = Approx. \$2,563,570 as of 10/3/12 or as determined by the Court <p>• Total claim amount to be allowed through Plan and amortized and paid as of 10/3/12 = \$2,563,570 or as determined by the Court (the "SPI Secured Claim").</p>	N	Y	<p>On the Effective Date, San Pedro Investment, LLC ("SPI") shall have an allowed secured claim equal to the amount of principal and non-default interest owed on the Effective Date (the "SPI Secured Claim").</p> <p>The SPI Secured Claim will continue to be secured by the Property. The SPI Secured Claim shall accrue interest after the Effective Date at a rate of 5 1/2% per year and will be due in three (3) years with payments amortized over 360 months and paid in equal monthly installments of \$30,000. The Principal balance shall be due on the last day of the 36th month following the first month after the Effective Date.</p> <p>The Reorganized Debtor shall make monthly payments, with the first payment due on the first business day of the second full month following the Effective Date (with such payment to cover the period from the Confirmation Date), and all subsequent payments due on the first business day of the month (for interest accrued for the previous month).</p> <p>The Reorganized Debtor shall have a ten (10) day grace period before any payment is deemed to be a late payment.</p> <p>Except as provided in this section, and notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all valid, enforceable and perfected prepetition liens and guarantees of SPI shall survive the Effective Date and continue in accordance with the contractual terms of the underlying agreements until the SPI Secured Claim is satisfied pursuant to the Plan; provided however, that SPI shall be prohibited from exercising rights or remedies pursuant to such underlying agreements, including and</p>

1				not limited to Kayhan Shakib and his wife Roshanak Rahnama, so long as the Reorganized Debtors is in compliance with the Plan.
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4				The Plan Proponents reserve the right to prepay all or any part of the principal, accrued interest, or other charges, without penalty or fees.
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8 **2. Classes of Priority Unsecured Claims**

9 Certain priority claims that are referred to in Code Sections 507(a)(2), (3), (4), (6), and (8)

10 are required to be placed in classes. These types of claims are entitled to priority treatment as

11 follows: the Code requires that each holder of such a claim receive cash on the Effective Date

12 equal to the allowed amount of such claim. However, a class of unsecured priority claim holders

13 may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the

14 allowed amount of such claim.

15 **a. Priority Wage Claims**

16 Priority wage claims include certain unsecured claims described by Code Section 507(a)

17 for wages, salaries and other compensation earned during the last ninety (90) days before the

18 Petition Date. The Code requires that each holder of such a Section 507(a)(3) priority wage claim

19 receive the present value of such claim in cash payments up to a maximum of \$4,300.00 as soon

20 as practicable after the Effective Date. There are no priority wage claims and, therefore, such

21 claims are not provided for under the Plan.

22 **b. Priority Tax Claims**

23 Priority tax claims include certain unsecured income, employment and other taxes

24 described by Code Section 507(a)(8). The Code requires that each holder of such a Section

25 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments,

26 over a period not exceeding six years from the date of the assessment of such tax. Priority tax

27 claims fall in class 3:

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<p>Class # 3</p>	<p>Tax Claim of Los Angeles County Treasurer Tax Collector ("Los Angeles Tax Collector"): \$98,271</p>	<p>N</p>	<p>N</p>	<p>On the Effective Date, the Los Angeles Tax Collector shall have an allowed secured claim equal to the amount of taxes owed on the Effective Date (the "Tax Claim"). The Tax Claim shall be paid, with all applicable costs, fees, charges and interest pursuant to 11 U.S.C. §§ 506(b) and 511, in equal installments, with the Los Angeles Tax Collector payment due on the first business day of the third full month following the Effective Date (with such payment to cover the period from the Effective Date), and all subsequent payments due on the first business day every three months (with interest accrued for the previous three months). The Tax Claim shall be amortized and fully paid by the earlier of (1) the time the SPI Secured Claim matures, or (2) five years after the date of the order of relief. The Los Angeles Tax Collector shall retain its lien until its secured claim is paid in full. A failure by the Debtors to make a payment to the Los Angeles Tax Collector pursuant to the terms of the Plan shall be an event of default. If the Debtors fail to cure an event of default as to tax payments within ten (10) days after service of written notice of default, then it may enforce the entire amount of its claim, plus penalties and interest accrued under state law, against the Debtors in accordance with applicable law.</p> <p>The Plan Proponents reserve the right to prepay all or any part of the principal, accrued interest, or other charges, without penalty or fees.</p>
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3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code section 507(a). Under the Plan all class 4 claims may be disputed by the Plan Proponent's. Within ninety (90) days after the Effective Date, or such other amount of time extended by the Court, the Debtors, or any other party in interest shall either file objections to the General Unsecured Claims, or such claim will be considered undisputed and paid. The following chart identifies the Plan's

1 treatment of the Plan Classes containing all of Debtor's general unsecured claims.

<u>Class#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> <u>(Y/N)</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
4	Unsecured claims of General Unsecured Creditors consists of the approximate amounts: \$369,597 ³	N	Y	All General Unsecured Claims may be considered disputed under the Plan. Not later than ninety (90) days after the Effective Date, or such amount of time as extended by the Court, the Debtors or any party in interest may file objections to the General Unsecured Claims. To the extent not disputed, the Reorganized Debtors shall pay such claims as undisputed after the ninety (90) day period. The Reorganized Debtors will pay such claims a total of 100% of the Allowed Claim on a monthly basis over two years from the Effective Date with the first payment to be the 90 th day after the Effective Date on undisputed claims which payment shall include amounts retroactive to the Effective Date in pro rata payments, with each subsequent payment on a monthly basis until paid in full.

4. **Class of Interest Holders (Debtors)**

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtors. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders include both general and limited partners. If the Debtor is an individual, the Debtors is the interest holder. The following chart identifies the Plan's treatment of the class of interest holders:

<u>Class#</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> <u>(Y/N)</u>	<u>TREATMENT</u>
5	Interest holder (Debtors)	Y	The Debtors equity interests will retain equal interests in the Reorganized Debtors.

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³ Of the Class 4 claims, \$250,000 is the claim of an insider. Class 4 consists of the Claims in both the Raha and Mehr cases, as all claims are identical.

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MEANS OF EFFECTUATING THE PLAN

A. Funding for the Plan

The Plan will be funded by the following sources and in the following order of priority based on available capital: (1) the operation of the Property, (2) the refinance or sale of the Property on or before the maturity of the SPI Loan obligations, and (3) contributions from the Debtor's principal owner, Kayhan Shakib from either personal assets or entities he owns interests in. If the operation of the Property or the refinance or sale of the Property does not result in sufficient capital to fund the Plan, the Debtors expect that the Debtor's principal owner, Kayhan Shakib, will provide capital contributions to fund outstanding obligations. The Debtor's principal owner are Kayhan Shakib and his wife Roshanak Rahnama. Kayhan Shakib is the Property's project manager. Kayhan Shakib expects to fulfill any capital contribution from his business operations or savings and will determine the amount to be funded as necessity dictates.

The Plan will promptly pay creditors. The Plan Proponents seek to accomplish payments under the Plan by (1) obtaining funds by operating the Property and increasing occupancy and the value of the Property, and (2) marketing the Property and potentially refinancing the Property.

B. Post-Confirmation Management

The post-confirmation management of the Reorganized Debtors shall remain the same as the Debtor's pre-confirmation management. Kayhan Shakib shall continue to serve as the Manager of the Reorganized Debtors following confirmation.

1. Investigation and Prosecution of Claims and Causes of Action Including Avoidance Actions

The Debtors or the Reorganized Debtors, as the case may be, shall investigate all claims and causes of action, including, but not limited to, any claims or causes of action against SPI for usury, causes of action under any of Sections 544, 546, 547, 548, 550, 551 and 552 of the Bankruptcy Code, or of the Debtors and this estate and determine which, if any, should be prosecuted. All such claims and causes of action of the Debtors and its estate are preserved by the Plan unless otherwise indicated, and the Reorganized Debtors shall have the full power and authority to file, prosecute, settle, adjust, retain, enforce or abandon any such claim or cause of

1 action as the representative of the Debtor's estate under section 1123(b) of the Bankruptcy Code or
2 otherwise, whether such claims and causes of action were commenced by the Debtors prior to the
3 Effective Date or by the Reorganized Debtors after the Effective Date. The Reorganized Debtors
4 shall have the authority to file and to prosecute any and all such claims and causes of action
5 following the confirmation of the Plan (and to continue with the prosecution of any such claims
6 and causes of action which were commenced but not completed by the Debtors prior to the
7 confirmation of the Plan), and the Bankruptcy Court shall retain jurisdiction over the Debtors, the
8 Reorganized Debtors, this case and this estate to resolve and to adjudicate any and all such claims
9 and causes of action following the confirmation of the Plan. Nothing contained in the Plan shall
10 constitute a waiver or release by the Debtors or the Reorganized Debtors of any rights or of any
11 defenses the Debtors or the Reorganized Debtors may have with respect to any such claims and
12 causes of action. The Removed Action shall be dismissed on the Effective Date.

13 **C. Disbursing Agent**

14 Kayhan Shakib, will act as the Disbursing Agent for the purpose of making all
15 distributions provided for under the Plan. The Disbursing Agent shall serve without bond and shall
16 receive no additional compensation for distribution services rendered other than expenses incurred
17 pursuant to the Plan.

18 **D. Unclaimed Property**

19 Any property to be distributed under the Plan which is not claimed by the person or entity
20 entitled to it before six (6) months after the date the Distribution is initially mailed to the particular
21 creditor shall be paid to the Debtors.

22 **E. Means of Cash Payment**

23 Cash payments made pursuant to this Plan shall be in U.S. currency, by check drawn on a
24 domestic bank.

25 **F. Objections to Claims**

26 Pursuant to 11 U.S.C. § 502(a), any party in interest may assert objections to claims.
27 Objections to claims shall be filed no later than 90 days after the date of entry of Order confirming
28 the Plan. As provided by Section 502(c) of the Bankruptcy Code, the Court may estimate any

1 contingent or unliquidated disputed claim for purposes of confirmation of the Plan. The Court
2 shall retain jurisdiction over the Debtors, the Reorganized Debtors and the Case to resolve such
3 objections to claims following the confirmation of the Plan.

4 Nothing contained in the Plan shall constitute a waiver or release by the Debtors of any
5 rights of setoff or recoupment, or of any defense, it may have with respect to any claim. The
6 Disbursing Agent will withhold from property to be distributed under the Plan and will place in
7 reserve a sufficient amount of cash to be distributed on account of claims that are disputed and
8 have not been allowed as of the date of distribution to creditors (“**Disputed Claims**”) of any
9 particular class as if such claims were allowed in full.

10 **G. Interest Pending Allowance of Claims**

11 Except as specifically provided for in the Plan, in the order confirming the Plan, or in some
12 other order of the Court, interest shall not accrue on claims and no holder of a claim shall be
13 entitled to interest accruing on or after the Petition Date on any claim.

14 To the extent the Debtors or any other party in interest objects to the allowance of any
15 claim, nothing in the Plan or herein shall be deemed to imply or create for the holders of any
16 Disputed Claims any entitlement to receive interest upon the allowed amount of any such
17 Disputed Claims as a result, *inter alia*, of the delay in payment of such claims, except as expressly
18 stated in the treatment pursuant to the Plan.

19 **H. Distribution to be Made Pursuant to the Plan**

20 Distributions to be made by the Reorganized Debtors on the Effective Date on account of
21 any claim shall be made on the Effective Date or as promptly thereafter as practicable.

22 Distributions to be made by the Disbursing Agent under the Plan shall be made by check drawn on
23 a domestic bank or by wire transfer, at the sole election of the Disbursing Agent.

24 Except as otherwise agreed to by the Disbursing Agent in writing, distributions to be made
25 to holders of allowed claims pursuant to the Plan may be delivered by regular mail, postage
26 prepaid, to the address shown in the Debtor’s schedules, as they may from time to time be
27 amended in accordance with Bankruptcy Rule 1009, or, if a different address is stated in a proof of
28 claim duly filed with the Court, to such address.

1 Checks issued by the Reorganized Debtors or the Disbursing Agent to pay allowed claims
2 shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof.
3 Requests for reissuance of any check shall be made to the Reorganized Debtors by the holder of
4 the allowed claim to whom such check originally was issued, prior to the expiration of 120 days
5 from the date of issuance of such check. After such date, the claim shall be deemed disallowed
6 and the monies otherwise payable on account of such claim shall revert in the Reorganized
7 Debtors free and clear of all claims and interest.

8 In connection with the Plan and any instruments issued in connection therewith, the
9 Reorganized Debtors shall comply with all applicable withholding and reporting requirements
10 imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be
11 subject to any such withholding or reporting requirements.

12 **I. Exculpations and Releases**

13 To the maximum extent permitted by law, none of the Debtors, the estate, nor any of their
14 employees, agents, representatives, or the professionals employed or retained by any of them,
15 whether or not by Bankruptcy Court order (each, a "**Released Person**"), shall have or incur
16 liability to any person or entity for an act taken or omission made in good faith in connection with
17 or related to the formulation of the Plan, the Disclosure Statement, or a contract, instrument,
18 release, or other agreement or document created in connection therewith, the solicitation of
19 acceptances for or confirmation of the Plan, or the consummation and implementation of the Plan
20 and the transactions contemplated therein. Each Released Person shall in all respects be entitled to
21 reasonably rely on the advice of counsel with respect to its duties and responsibilities under the
22 Plan.

23 **J. Injunctions**

24 The occurrence of the Effective Date after the entry of the Confirmation Order shall
25 temporary enjoin the prosecution, whether directly, derivatively or otherwise, of any claim,
26 obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest
27 released, discharged or terminated pursuant to the Plan.

28 Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all

1 entities that have held, currently hold or may hold a claim or other debt or liability that is
2 discharged or an interest or other right of an equity security holder that is terminated pursuant to
3 the terms of the Plan are temporarily enjoined from taking any of the following actions against the
4 Debtors, the Estate, any officer, director, shareholder, employee or other responsible person of the
5 Debtors for collection of any portion of their claim or their property on account of any such
6 discharged claims, debts or liabilities or terminated interests or rights so long as the Debtors
7 complies with the terms of the Plan: (i) commencing or continuing, in any manner or in any place,
8 any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner
9 any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or
10 encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any
11 debt, liability or obligation due to the Debtors; (v) commencing or continuing any action in any
12 manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.
13 The temporary injunction will be dissolved if a violation of any provision of the Plan remains
14 uncured thirty (30) days after written notice thereof to the Debtors by such creditor.

15 By accepting distribution pursuant to the Plan, each holder of an allowed claim or allowed
16 interest receiving distributions pursuant to the Plan will be deemed to have specifically consented
17 to the temporary injunctions set forth in this Section.

18 **K. Risk Factors**

19 The proposed Plan has the following risk; the net recovery to creditors may depend on the
20 success of the Debtors in operating and maintaining sufficient occupancy to pay the monthly
21 obligations under the Plan, and marketing or refinancing the Property during the term of the Plan.

22 **L. Executory Contracts and Unexpired Leases**

23 **a. Assumptions**

24 The following are the unexpired leases and executory contracts to be assumed as
25 obligations of the Reorganized Debtors under the Plan: Rental agreements with tenants at the
26 Property, if any, will be assumed.

27 **b. Rejections**

28 On the Effective Date, any unexpired lease or executory contracts, other than rental

1 agreements relating to the Property are deemed rejected. The Confirmation Order shall constitute
2 an Order approving the rejection of each lease and contract to which the Debtors was a party.

3 **THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM**
4 **ARISING FROM THE REJECTION OF A LEASE OR CONTRACT** is the later thirtieth
5 (30th) day after entry of an order approving rejection or the Confirmation Order. Any claim based
6 on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless
7 the Court later orders otherwise.

8 **2. Changes in Rates Subject To Regulatory Commission Approval**

9 Debtors are not subject to governmental regulatory commission approval of its rates.

10 **3. Retention of Jurisdiction**

11 The Court will retain jurisdiction to the extent provided by law, including, without
12 limitation, the retention of jurisdiction over avoidance actions, or any other adversary proceeding
13 brought by the Trustee, as it deems necessary to implement terms of the Plan.

14 **M. Tax Consequences of Plan**

15 The following disclosure of possible federal income tax consequences is informational
16 only and is intended solely for the purpose of alerting readers about possible, but not all, tax issues
17 this Plan may present to the holder of a claim. The Debtors CANNOT and DO NOT represent
18 that the tax consequences contained below are the only tax consequences of the Plan because the
19 Tax Code, as well as Treasury Regulations judicial and administrative authorities or
20 interpretations, embodies many complicated rules which make it difficult to state completely and
21 accurately all the tax implications of any action. No opinion of counsel has been sought or
22 obtained with respect to any tax consequences of the Plan. No rulings or determinations of the
23 Internal Revenue Service (“IRS”) have been requested. No representations are being made
24 regarding the particular tax consequences of the Plan. **CREDITORS AND INTEREST**
25 **HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX**
26 **LIABILITY ARE URGED TO CONSULT WITH THEIR OWN ACCOUNTANTS,**
27 **ATTORNEYS, AND/OR ADVISORS.**

28 The tax consequences of the Plan to a holder of a claim will depend, in part, on the type of

1 consideration received for the claim, whether the holder is a resident of the United States for tax
2 purposes, whether the holder has taken a bad debt deduction with respect to the claim (or a portion
3 thereof), and whether the holder reports income on the accrual or cash basis method. Holders of
4 claims likely will recognize gain or loss, as the case may be, equal to the difference between the
5 amount realized under the Plan in respect of their claims and their respective adjusted tax basis in
6 their claims. The amount realized for this purpose generally will equal the sum of cash and the
7 fair market value of any consideration received under the Plan in respect of their claims. Any gain
8 or loss recognized in the exchange will be capital or ordinary depending on the status of the claim
9 in the holder's hands.

10 **THE ABOVE DISCUSSION IS INTENDED AS A SUMMARY OF CERTAIN**
11 **INCOME TAX CONSEQUENCES OF THE PLAN, IS FOR INFORMATIONAL**
12 **PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES OF THE**
13 **PLAN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON THE**
14 **INDIVIDUAL CIRCUMSTANCES OF THE HOLDERS OF CLAIMS AND INTERESTS.**
15 ***ACCORDINGLY, HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT***
16 ***THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL, AND IF APPLICABLE,***
17 ***FOREIGN TAX CONSEQUENCES OF THE PLAN.***

18 **VI.**

19 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

20 The following discussion is intended solely for the purpose of alerting readers about basic
21 confirmation issues, which they may wish to consider, as well as certain deadlines for filing
22 claims. The Plan Proponents CANNOT and DO NOT represent that the discussion contained
23 below is a complete summary of the law on this topic.

24 **PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS**
25 **PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW**
26 **ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX.**

27 Many requirements must be met before the Court can confirm a Plan. Some of the
28 requirements include that the Plan must be proposed in good faith, acceptance of the Plan, whether

1 the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and
2 whether the Plan is feasible. These requirements are not the only requirements for confirmation.

3 **A. Who May Vote or Object**

4 **1. Who May Object to Confirmation of the Plan**

5 Any party in interest may object to the confirmation of the Plan, but as explained below
6 not everyone is entitled to vote to accept or reject the Plan.

7 **2. Who May Vote to Accept/Reject the Plan**

8 A creditor or interest holder has a right to vote for or against the Plan if that creditor or
9 interest holder has a claim which is both (1) allowed or allowed for voting purposes; and (2)
10 classified in an impaired class.

11 **a. What Is an Allowed Claim/Interest**

12 As noted above, a creditor or interest holder must first have an allowed claim or interest to
13 have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in
14 interest brings a motion objecting to the claim. When an objection to a claim or interest is filed,
15 the creditor or interest holder holding the claim or interest cannot vote unless the Court, after
16 notice and hearing, either overrules the objection or allows the claim or interest for voting
17 purposes.

18 **THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE WAS**
19 **FEBRUARY 28, 2013.** A creditor or interest holder may have an allowed claim or interest even if
20 a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled
21 on the Debtor's schedules and such claim is not scheduled as disputed, contingent, or unliquidated,
22 and (2) no party in interest has objected to the claim. An interest is deemed allowed if it is
23 scheduled and no party in interest has objected to the interest.

24 The Trustee or any party in interest, shall file with the Court its written objections, if any,
25 to any proof of claim filed after the Effective Date no later than the ninety (90) days following the
26 Bar Date, and cause the hearings on those objections to be convened on the first available dates
27 which are convenient to the Court. If such objections are not filed within such 90 day period, or
28 within such further period of time as the Court may direct, then the disputed claims in question

1 will be deemed allowed.

2 **b. What Is an Impaired Claim/Interest**

3 As noted above, an allowed claim or interest only has the right to vote if it is in a class that
4 is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual
5 rights of the members of that class. For example, a class comprised of general unsecured claims is
6 impaired if the Plan fails to pay the members of that class 100% of what they are owed.

7 In this Case, the Plan Proponents believes that holders of claims in classes 1, 2 and 4 under
8 the Plan are impaired, and that as a result can vote on the Plan. For reasons stated below,
9 members of Plan Class 5 are not entitled to vote on the Plan. Parties who dispute the Plan
10 Proponent's characterization of their claim or interest as being impaired or unimpaired may file an
11 objection to the Plan contending that the Plan Proponents has incorrectly characterized the class.

12 **3. Who Is Not Entitled to Vote**

13 The following four types of claims are not entitled to vote: (1) claims that have been
14 disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to Code
15 sections 507 (a) (1), (a) (2), and (a) (8); and (4) claims in classes that do not receive or retain any
16 value under the Plan. Claims in unimpaired classes are not entitled to vote because such classes
17 are deemed to have accepted the Plan. Claims entitled to priority pursuant to Code sections
18 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed in classes
19 and they are required to receive certain treatment specified by the Code. Claims in classes that do
20 not receive or retain any value under the Plan do not vote because such classes are deemed to have
21 rejected the Plan. **EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU
22 MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.**

23 **4. Who Can Vote in More Than One Class**

24 A creditor whose claim has been allowed in part as a secured claim and in part as an
25 unsecured claim is entitled to accept or reject a Plan in both capacities by casting one ballot for the
26 secured part of the claim and another ballot for the unsecured claim.

27 **5. Votes Necessary to Confirm the Plan**

28 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired

1 class has accepted the Plan without counting the votes of any insiders within that class, and (2) all
2 impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by
3 "cramdown" on non-accepting classes. If necessary the Debtors will seek cramdown on any class
4 of creditors.

5 **a. Votes Necessary for a Class to Accept the Plan**

6 A class of claims is considered to have accepted the Plan when more than one-half (1/2) in
7 number and at least two-thirds (2 /3) in dollar amount of the claims which actually voted, voted in
8 favor of the Plan. A class of interests is considered to have accepted the Plan when at least two-
9 thirds (2/3) in amount of the interest-holders of such class which actually voted, voted to accept
10 the Plan.

11 **b. Treatment of Nonaccepting Classes**

12 As noted above, even if all impaired classes do not accept the proposed Plan, the Court
13 may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner required by
14 the Code. The process by which nonaccepting classes are forced to be bound by the terms of a
15 Plan is commonly referred to as "cramdown." The Code allows the Plan to be "crammed down" on
16 nonaccepting classes of claims or interests if it meets all consensual requirements except the
17 voting requirements of 1129(a)(8) and if the Plan does not "discriminate unfairly" and is "fair and
18 equitable" toward each impaired class that has not voted to accept the Plan as referred to in 11
19 U.S.C. § 1129(b) and applicable case law.

20 **c. Request for Confirmation Despite Nonacceptance by Impaired Classes**

21 The Plan Proponents will ask the Court to confirm this Plan by cramdown on impaired
22 Classes if any of those Classes does not vote to accept the Plan.

23 Please note that the proposed Plan treatment described by this Disclosure Statement cannot
24 be crammed down on the following classes: None.

25 **B. Liquidation Analysis**

26 Another confirmation requirement is the "Best Interest Test", which requires a liquidation
27 analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and
28 that claimant or interest holder does not vote to accept the Plan, then that claimant or interest

1 holder must receive or retain under the Plan property of a value not less than the amount that such
2 holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy
3 Code.

4 In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured
5 creditors are paid first from the sales proceeds of properties on which the secured creditor has a
6 lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining
7 sales proceeds, according to their rights to priority. Unsecured creditors with the same priority
8 share in proportion to the amount of their allowed claim in relationship to the amount of total
9 allowed unsecured claims. Finally, interest holders receive the balance that remains after all
10 creditors are paid, if any.

11 For the Court to be able to confirm this Plan, the Court must find that all creditors and
12 interest holders who do not accept the Plan will receive at least as much under the Plan as such
13 holders would receive under a Chapter 7 liquidation. The Plan Proponents maintains that this
14 requirement is met here for the following reasons: Section 1129(a)(7)(A) of the Bankruptcy Code
15 requires that, with respect to every impaired class of claims under the Plan, each holder of a Claim
16 accept the Plan or receive or retain under the Plan property having a value not less than the amount
17 that the creditor would receive if the case were converted to chapter 7 under the Bankruptcy Code
18 and a chapter 7 trustee liquidated all of the Debtor's assets. In other words, impaired classes must
19 be treated at least as well under the Plan as they would be treated in a chapter 7 liquidation.

20 The Plan Proponents maintains that this requirement is met here for the following reasons:
21 Since substantially all of the Debtor's non-exempt assets will be used in the operation of the
22 business, thus increasing and maintaining their value on a going concern value, and since the
23 Chapter 7 trustee would almost certainly incur additional costs (including his fees under 11 U.S.C.
24 § 326), and liquidate the Property at a significantly reduced value, it is clear that the best interest
25 test is met in this case.

26 In a Chapter 7 case the estate would incur additional administrative costs for professionals
27 (i.e., additional attorneys' fees and a substantial business broker's commission or auctioneer's
28 commission) and Chapter 7 trustee fees. Confirming the Plan will result in increased proceeds for

1 the estate and fewer administrative expenses; as a result, creditor distributions under the Plan are
2 greater than such distributions would be if this were a Chapter 7 case.

3 Below is a demonstration, in balance sheet format, that all creditors and interest holders
4 will receive at least as much under the Plan as such creditor or interest holder would receive under
5 a Chapter 7 liquidation.

6 **ASSETS VALUED AT LIQUIDATION VALUES⁴:**

7 **CURRENT ASSETS**

8	a.	Cash on hand	\$ 50,000
9	b.	Property	\$24,000,000 ⁵
10	c.	Other assets	N/A

11 **TOTAL CURRENT ASSETS** \$24,050,000

12 **OTHER ASSETS**

13	d.	Potential preference recoveries	\$ 0
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14 **TOTAL OTHER ASSETS** \$0

15 **TOTAL ASSETS AT LIQUIDATION VALUE** **\$24,050,000**

16 **Less: (Property)**

17 Projected costs of Property sale <\$2,000,000>

18 Secured creditor's recoveries (SPI)⁶ <\$8,708,390>

19
20 **Less:**

21 Chapter 7 trustee fees and expenses <\$2,000,000>
22 Based on formula in section 326 (a) of the
Code, plus \$30,000 for professional fees (estimated).

23

24

25 ⁴ Amounts are rounded to thousands.

26 ⁵ If the Property was not sold in the ordinary course of business, the forced liquidation
value may be less than the fair market value of the Property.

27 ⁶ This amount includes all fees, default interest and other costs which would be reduced
28 pursuant to a chapter 11 plan of reorganization.

1 **Less:**

2 Chapter 11 administrative expenses <\$30,000>
3 Priority Tax Claims <98,271>
4 (1) Balance for unsecured claims \$0

5 PERCENT OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD
6 RECEIVE OR RETAIN IN A CH. 7 LIQUIDATION = 100

7 **PERCENT OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL**
8 **RECEIVE OR RETAIN UNDER THIS PLAN:**

9 **CLASS 4 = 100%**

10 Below is a demonstration, in tabular format, that all creditors and interest holders will
11 receive at least as much under the Plan as such creditor or holder would receive under a Chapter 7
12 liquidation.

<u>CLAIMS & CLASSES</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Administrative Claims	100%	100%
Class 1 - Secured claim of SPI	100%	100%
Class 2 - Secured claim of SPI	100%	100%
Class 3- Tax Claim of Los Angeles County Treasurer	100%	100%
Class 4 – Unsecured claims	100%	100%
Class 5 – Insider interests	100%	0%

28

1 **C. Feasibility**

2 Another requirement for confirmation involves the feasibility of the Plan, which means
3 that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further
4 financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless
5 such liquidation or reorganization is proposed in the Plan.

6 There are at least two important aspects of a feasibility analysis. The first aspect considers
7 whether the Plan Proponents will have enough cash on hand on the Effective Date of the Plan to
8 pay all the claims and expenses which are entitled to be paid on such date. The Plan Proponents
9 maintains that this aspect of feasibility is clearly satisfied here:

10 Cash Debtors will have on hand at Effective Date from operation of business or insider	
11 contribution	\$50,000
12 To Pay: Administrative claims	<\$30,750>
13 To Pay: Statutory costs & charges	<u>- 0</u>
14 To Pay: Other Plan Payments due-	- 0
15 on Effective Date	
16 Balance after paying these amounts	<u>\$19,250</u>

17 The sources of the cash Debtors will have on hand by the Effective Date, as shown above are:

18 \$50,000 Cash from operation of business or insider contribution

19 The second aspect of feasibility considers whether the Proponents will have enough cash
20 over the life of the Plan to make the required Plan payments.

21 The Plan Proponents have provided documents which include both historical and current
22 financial information. Please refer to Exhibit "B" for the relevant financial statements. **YOU ARE**
23 **ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL ADVISOR IF**
24 **YOU HAVE ANY QUESTIONS PERTAINING TO THESE FINANCIAL STATEMENTS.**

25

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VII.

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EFFECT OF CONFIRMATION OF PLAN

28

1 **A. Discharge**

2 Subject to the provision below, confirmation shall bind the Debtors, all creditors, and other
3 parties in interest to the provisions of the Plan whether or not the claim of such creditor is
4 impaired under the Plan and whether or not such creditor has accepted the Plan.

5 Except as otherwise provided herein or in the Confirmation Order, on the Effective Date,
6 to the extent applicable, the Debtors will be discharged from any debt that arose before
7 confirmation of the Plan, and any debt of a kind specified in Section 502(g), 502(h) or 502(i) of
8 the Bankruptcy Code whether or not a proof of claim based on such debt was filed or deemed filed
9 under Section 501 of the Bankruptcy Code, such claim was allowed under Section 502 of the
10 Bankruptcy Code or the holder of such claim accepted the Plan.

11 Subject to the provision below, nothing contained herein shall limit the effect of
12 confirmation as subscribed in Sections 524 and/or 1141 of the Bankruptcy Code, and on the
13 Effective Date, the Debtors shall be deemed discharged and released to the fullest extent permitted
14 by Section 1141 of the Bankruptcy Code.

15 Subject to the provision below, on or after the Effective Date, all parties that have held,
16 currently hold, or may hold a claim discharged pursuant to the terms of the Plan shall be
17 permanently enjoined by Section 524 of the Bankruptcy Code from taking any of the following
18 actions on account of any such discharged claim: (a) commencing or continuing in any manner
19 any action or other proceeding against the Reorganized Debtors, (b) enforcing, attaching,
20 collecting, or recovering in any manner any judgment, award, decree, or order against the
21 Reorganized Debtors, provided, however, that the foregoing injunction shall not apply to bar any
22 claim of recoupment or setoff, (c) creating, perfecting, or enforcing any lien or encumbrance
23 against the Reorganized Debtors, and (d) commencing or continuing any action, in any manner, in
24 any place, that does not comply with or is inconsistent with the provisions of the Plan or
25 Confirmation Order. Any person violating such injunction may be liable for actual damage,
26 including costs and attorneys' fees and, in appropriate circumstances, punitive damages.

27 Any holder of a Claim that is impaired or unimpaired under the Plan will be presumed
28 conclusively to have released the Debtors from any cause of action directly or indirectly based on

1 the same subject matter as such Claim.

2 **B. Revesting of Property in the Reorganized Debtors**

3 Except as provided elsewhere herein, the confirmation of the Plan revests all of the
4 property of the estate in the Reorganized Debtors. In addition, on the Effective Date, all of the
5 claims against and/or interests in third parties that constitute property of the estate shall be
6 revested in the Reorganized Debtors. Following the Effective Date, the Reorganized Debtors shall
7 have absolute authority to prosecute, waive, adjust or settle any claims without the need for
8 approval by the Court. Following the Effective Date, the Reorganized Debtors shall have the
9 authority to employ such professionals as he deems necessary to prosecute or defend such claims
10 asserted without the need for Court approval.

11 **C. Default**

12 Except as otherwise provided herein or in the Confirmation Order, in the event that the
13 Reorganized Debtors or the Disbursing Agent shall default in the performance of any of its
14 obligations under the Plan and shall not have cured such a default within thirty (30) days after
15 receipt of written notice of default from the creditor to whom the performance is due, then the
16 entity or individual to whom the performance is due may pursue such remedies as available at law
17 or in equity. An event of default occurring with respect to one claim shall not be any event of
18 default with respect to any other claim. If the Reorganized Debtors or Disbursing Agent defaults
19 in the performance of any of its payment obligations to any secured creditor, then the secured
20 creditor will provide written notice of the default to the Reorganized Debtors. If such default is
21 not cured within 15 days of the date that such written notice was provided, then the secured
22 creditor shall be entitled to file a declaration and obtain an order lifting the automatic stay without
23 opposition from the Reorganized Debtors.

24 **D. Modification of Plan**

25 The Debtors may modify the Plan at any time before confirmation. However, the Court
26 may require a new disclosure statement and/or revoting on the Plan.

27 The Debtors may also seek to modify the Plan at any time after the confirmation only if (1)
28 the Plan has not been substantially consummated and (2) the Court authorizes the proposed

1 modifications after notice and a hearing.

2 **E. Post-Confirmation Status Report**

3 Within 120 days of the entry of the order confirming the Plan, the Debtors shall file a
4 status report with the Court explaining what progress has been made toward consummation of the
5 confirmed Plan. The status report shall be served on the United States Trustee, the twenty largest
6 unsecured creditors, and those parties who have requested special notice after the Effective Date.
7 Further status reports shall be filed every 120 days and served on the same entities.

8 **F. Post-Confirmation Conversion/Dismissal**

9 A creditor or party in interest may bring a motion to convert or dismiss the Case under
10 §1112(b) after the Plan is confirmed, if there is a default in performing the Plan. If the Court
11 orders the Case converted to Chapter 7 after the Plan is confirmed, then all property that had been
12 property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert
13 in the Chapter 7 estate. The automatic stay will be reimposed upon the reverted property, but only
14 to the extent that the Court did not previously authorize relief from stay during the Case.

15 The order confirming the Plan may also be revoked under very limited circumstances. The
16 Court may revoke order if the order of confirmation was procured by fraud and if the party in
17 interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of
18 the order of confirmation.

19 **G. Post-Confirmation U.S. Trustee Fees**

20 The Reorganized Debtors shall be responsible for timely payment of all fees incurred after
21 the Effective Date pursuant to 28 U.S.C. Section 1930(a)(6).

22 **H. Final Decree**

23 Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the
24 Plan Proponents, or such other party as the Court designate in the Plan Confirmation order, may
25 file a motion with the Court to obtain a final decree to close the Case.

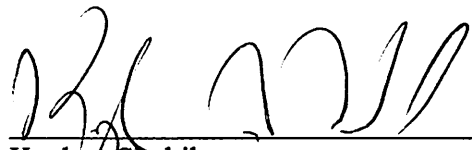
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27 DATED: January 14, 2013

PLAN PROPONENTS

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By: 

Kayhan Shakib

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VIII.

SUPPORTING DECLARATION

I, Kayhan Shakib, declare and state as follows:

1. I have been the on-site manager of the Property for a number of years, and also the Managing Member of the Debtors ("**Manager**") in the above captioned chapter 11 case.

2. I have reviewed and participated in the preparation of the preceding Disclosure Statement. I can and do attest, as a matter of personal knowledge that the information provided above and in all of the Exhibits which follow are true and correct based upon the information disclosed by the Debtors throughout the case.

3. I am confident the Plan can be performed and it will require no further restructuring after the plan is consummated.

Executed at Los Angeles, California, January 14, 2013.

I declare under penalty of perjury that the foregoing is true and correct and if called as a witness I could and would testify competently thereto.


KAYHAN SHAKIB

EXHIBIT A

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EXHIBIT A - LIST OF ALL ASSETS

ASSETS VALUED AT LIQUIDATION VALUES⁷:

CURRENT ASSETS

e.	Cash on hand	\$ 50,000
f.	Property	\$24,000,000 ⁸
g.	Other assets	N/A

TOTAL CURRENT ASSETS \$24,050,000

OTHER ASSETS

h.	Potential preference recoveries	\$ 0
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TOTAL OTHER ASSETS \$0

TOTAL ASSETS AT LIQUIDATION VALUE **\$24,050,000**

⁷ Amounts are rounded to thousands.

⁸ If the Property was not sold in the ordinary course of business, the forced liquidation value may be less than the fair market value of the Property.

EXHIBIT B

Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
\$17,765	\$17,765	\$17,765	\$17,765	\$17,765	\$17,765	\$17,765	\$17,765	\$17,765	\$17,765
\$27,235	\$27,235	\$27,235	\$27,235	\$27,235	\$27,235	\$27,235	\$27,235	\$27,235	\$27,235
\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
\$11,300	\$11,300	\$11,300	\$11,300	\$11,300	\$11,300	\$11,300	\$0	\$0	\$0
\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
\$44,300	\$44,300	\$44,300	\$44,300	\$44,300	\$44,300	\$44,300	\$33,000	\$33,000	\$33,000
-\$17,065	-\$17,065	-\$17,065	-\$17,065	-\$17,065	-\$17,065	-\$17,065	-\$5,765	-\$5,765	-\$5,765

<p>In re: Raha Lakes Enterprises, LLC</p> <p style="text-align: center;">Debtor(s).</p> <p>Jointly Administered with Mehr in Los Angeles Enterprises, LLC</p>	<p>CHAPTER: 11</p> <p>CASE NUMBER: 2:12-bk-43422-ER</p> <p>Joint Administered - 2:12-bk-43589-ER</p>
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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1901 Avenue of the Stars, Suite 1050, Los Angeles, California 90067

A true and correct copy of the foregoing document described as **JOINT DISCLOSURE STATEMENT DESCRIBING JOINT PLAN OF REORGANIZATION** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On January 15, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL(indicate method for each person or entity served):

On January 15, 2013 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

January 15, 2013	Tammy Nguyen	/s/ Tammy Nguyen
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>

In re: Raha Lakes Enterprises, LLC Debtor(s). Jointly Administered with Mehr in Los Angeles Enterprises, LLC	CHAPTER: 11 CASE NUMBER: 2:12-bk-43422-ER Joint Administered – 2:12-bk-43589-ER
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ADDITIONAL SERVICE INFORMATION (if needed):

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)

- John H Choi on behalf of secured creditor San Pedro Investment, LLC
johnchoi@kpcylaw.com
- Michael S Kogan mkogan@koganlawfirm.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov
- Hatty K Yip on behalf of United States Trustee hatty.yip@usdoj.gov

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL - VIA U.S. MAIL

Hon. Ernest Robles
U.S. Bankruptcy Court
255 E. Temple St. #1560
Los Angeles, CA 90012