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ATTORNEYS FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE	§	
	§	
ROBAROSA CORPORATION	§	
	§	Case no.17-41622 -11
	§	
DEBTOR	§	

DISCLOSURE STATEMENT OF ROBAROSA CORPORATION PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE DATED JANUARY 29, 2018

TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

I
INTRODUCTION

Identity of the Debtors

Robarosa Corporation (“Debtor”) filed a voluntary Chapter 11 case in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division ("Court") on July 31, 2017. Debtor owns certain real property and interest in companies. Debtor purposes to sell its primary assets and provide a dividend to its creditors.

Purpose of Disclosure Statement; Source of Information

Debtor submits this Disclosure Statement (“Disclosure Statement”) pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or

rejection of the Debtor's Plan of Reorganization dated January 29, 2018 ("Plan"). This Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtor.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the Plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the plan discharges the debtors from all of their pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation

makes the plan binding upon the debtors and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

Unimpaired Class. Claimants in Class 1 through 6 are not impaired under the Plan. Such Class is deemed to have accepted the Plan.

Impaired Classes. There are no unimpaired classes under Debtor's Plan

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. It is anticipated that in a Chapter 7 liquidation, the Debtor's creditors, other than the secured creditors, would receive less than is provided for in this Plan. Accordingly, since the Plan proposes a substantial dividend to all creditors, such creditors are receiving more than they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

II REPRESENTATIONS

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor's known Creditors and other parties in interest in connection with the solicitation of

acceptance of its Plan of Reorganization, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as Exhibit "A".]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtors, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING DEBTOR ARE AUTHORIZED BY DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTORS WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTOR'S ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III

FINANCIAL PICTURE OF THE DEBTORS

Financial History and Background of the Debtor

The Debtor owns approximately 24 acres of land in Collin County, Texas. The improvements on the land include, among other things, a 5,338 sq. ft single family residence, a 918 sq ft office, a rodeo arena, horse stall and other ranch type buildings (collectively the "Property") The Property is commonly known as the 440 Ranch. . Robarosa is currently owned by the Cooper Family Trust which has owned the Property since 1992. The Property had been used for a number of years to host rodeo events and of the social gatherings. A decrease in the income generated by these events, lead the Debtor to be unable to make payments to its secured creditor. When the Property was posted for foreclosure the Debtor filed this bankruptcy to deal with the debts of the corporation.

Post petition operations and Major Events

Since the filing of the case, the Debtor has maintained operations. The Debtor has been unable to consistently produce the funds necessary to sustain a restructuring of the indebtedness. As a result of this inability, the Debtor has decided to sell the Property to repay the creditors.

Future Income and Expenses Under the Plan

Under the Debtor's Plan, the Debtor will sell its interest in the Property to Ben Lange or his assigns ("Lange") for an amount sufficient to pay all creditors who have asserted claims against the estate.

IV.
ANALYSIS AND VALUATION OF PROPERTY

The Debtor owns a 100% interest in the Property. The Debtor as obtained an appraisal on the Property dated May 2017. The appraisal valued the Property at \$2,700,000. However, the appraisal also required a marketing time of between 10 to 20 months. Under the terms of the Plan, the Property will be sold to Lange for an amount sufficient to pay all creditors of the estate. Pursuant to the terms of the agreement with Lange, Robarosa will have the option to maintain the Property and repay Lange the purchase price with interest at 6% per annum for a period of 15 months after closing.

V.
SUMMARY OF PLAN OF REORGANIZATION

The Reorganized Debtor will continue in business. The Plan will break the existing claims into 6 categories of Claimants. These claimants will receive cash payments on the Effective Date.

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Articles V and VI of this Plan shall be the sole an exclusive means for full settlement, release and discharge of their respective Claims, Debts, or interests. On the Confirmation Date, the Reorganized Debtors shall assume all duties, responsibilities and obligations for the implementation of this Plan.

Class 1 Claimants (Allowed Administrative Claims of Professionals and US Trustee) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtor's attorney's fees approved by the Court and payable to the law firm of Eric A. Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. Debtor believes the amount of this Class will not exceed \$15,000. . This case will not be closed until all allowed Administrative Claims are paid in full. Section 1930 fees shall be paid in full prior to the Effective Date. Debtor will make quarterly payments to the U.S. Trustee and maybe required to file post-confirmation operating reports until this case is closed. The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Tax Creditor Claims) are impaired and shall be satisfied as follows: The Allowed Amount of all Tax Creditor Claims shall be paid out of the sale of the Property. Denton County has filed a Proof of in the amount of \$18,458.36¹. The ad valorem taxing authorities will be entitled to receive post-petition pre-confirmation interest on their claims at the statutory rate of 1% per month. The Debtor shall pay the Allowed Tax Claim in full on the Effective Date. The Ad Valorem Taxing Authorities shall retain their liens, if any, to secure their Tax Claims until paid in full.

¹Debtor has been informed that this amount has already been paid by the Class 3 creditor and is included in the Class 3 Claim.

The Class 2 Claimants are not impaired under this Plan.

Class 3 Claimants (Allowed Secured Claim of Preservation Investments, LLC) is not impaired and shall be satisfied as follows: On or about October 8, 2012 the Debtor executed that certain Promissory Note in the original principal amount of \$1,000,000 in favor of JLE Investors, Inc (“JLE”) (“Note”). The Note was secured by that certain Deed of Trust of even date in certain real property located in Denton County, Texas, more fully described in the Deed of Trust (“Collateral”). On or about October 25, 2016 JLE assigned its rights under the Note and Deed of Trust to Preservation Investments, LLC. (“Preservation”). Preservation has filed a Proof of Claim asserting a secured claim in the amount of \$1,196,720.58. On the Effective Date, in accordance with the sale by Debtor of the Property, the Debtor shall pay the Class 3 claim in full. Upon payment the Class 3 creditor shall release its lien on the Collateral.

The Class 3 creditor is not impaired under this Plan.

Class 4 Claimant (Allowed Claim of 15th Street Funding, LLC . is not impaired under this Plan and shall be satisfied as follows: The Debtor executed that certain Secured Promissory Note in favor of 15th Street Funding, LLC (“15th”) in the original principal amount of \$40,000 (“Note”). The Note was secured by that certain Deed of Trust of even date, in the Property 15th has filed a secured Proof of Claim in the amount of \$51,752.88. On the Effective Date in accordance with the sale by the Debtor of the Property, the Debtor shall pay the Class 4 Claim in full. Upon payment, the Class 4 creditor shall release its lien on the Property.

The Class 4 Claimant is not impaired under this Plan.

Class 5 Unsecured Creditors Claims are not impaired and shall be satisfied as follows. All creditors holding allowed unsecured claims will be paid in full on the Effective Date from the proceeds of the sale of the Property.

The Class 5 Creditors are not impaired under this Plan.

Class 6 Claimants (Current Ownership) is not impaired under the Plan and shall be satisfied by retaining their interest in the Debtor.

The Class 6 Claimant is not impaired by the Plan.

ARTICLE VI **MECHANICS/IMPLEMENTATION OF PLAN**

Debtor shall sell its interest in the Property to Lange. Lange shall pay the amount necessary to pay the Allowed Claims of Class 2 through 5 as set forth above.

A fundamental component of this Plan is the sale of the Debtor's interest in the Property. The confirmation of this Plan shall serve as a Court finding that the Debtor has determined in the exercise of their reasonable business judgment to sell its interest in the Property. The Debtor has demonstrated good, sufficient and sound business reasons and justification for the sale of its interest in the Property as requested in the Plan. The sale of the interest in the Property, under Section 363(b) and (f) of the Bankruptcy Code and this Plan is in the best interests of the Debtor, its estate and its creditors. The consideration to be paid constitutes adequate and fair value for the Debtor's interest in the Property. The sale of the interest in the Property was negotiated and entered into in good faith and from arm's-length positions between the Debtor and the purchaser. The purchaser of the interest in the Property is a good faith purchaser as that term is used in Section 363(m) of the Bankruptcy Code.

As a component of the confirmation of this Plan, the sale of the Debtor's interest in the Property is approved. Pursuant to Section 363 of the Bankruptcy Code, and subject to the terms and conditions set out in the Confirmation Order, the Debtor is authorized to sell its interest in the Property free and clear of all liens, interests, claims and encumbrances, except for the liens that secure 2018 ad valorem taxes which shall remain attached to the property. The parties are authorized and directed to take all actions, including the execution of documents, necessary or appropriate to affect the sale of the Debtor's interest in the Property. At Closing, the Debtor shall cause and instruct the title company coordinating the sale of its interest in the Property to pay in full from the proceeds of the sale of the Debtor's interest in the Property, and the Debtor is authorized and directed to pay, the amounts as follows:

- A. all reasonable, customary and usual costs of Closing in the sale of the Debtor's interest in the Property including, without limitation, title policy cost, ad valorem real property taxes, attorney and documents fees;
- B. Preservation in the amount of its Allowed Claim;
- C. 15th in the amount of its Allowed Claim; and
- D. All allowed unsecured creditors claims.

The Court shall retain exclusive jurisdiction to address any and all matters related to the sale of the Debtor's interest in the Property and the provisions of the Confirmation Order. The purchaser is afforded the protections of a good faith purchaser under Section 363(m) of the Bankruptcy Code. The Confirmation Order as to the sale is final and shall be effective and enforceable immediately upon entry and shall not be stayed pursuant to Bankruptcy Rule 6004(g).

As specified in Section 1125(e) of the Bankruptcy Code, persons that solicit acceptances or rejections of this Plan and/or that participate in the offer, issuance, sale or purchase of

securities offered or sold under this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, are not liable on account of such solicitation or participation for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejection of this Plan or the offer, issuance, sale or purchase of securities.

ARTICLE VII.
FEASIBILITY OF PLAN

The Plan is premised on the Debtor's sale of its interest in the Property. Based upon the sale of the interest to Lange, the Debtor believes the Plan to be feasible.

ARTICLE VIII.
RETENTION OF JURISDICTION

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article XIV of the Plan.

This Plan shall be the sole and exclusive remedy for any Creditor of the Debtor dealt with herein, so long as Debtor is not in default under the Plan.

ARTICLE IX.
ALTERNATIVES TO DEBTOR'S PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. In this case the Debtor's primary asset is the interest in the Property and the appraisal on the Property indicates marketing time of between 10 and 20 months. The Debtor does not believe a liquidation of the Property would provide the creditors with a greater return than is being paid under the Plan.

ARTICLE X
RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

Claimants and Equity Interest Holders should be aware that there are a number of substantial risks involved in consummation of the Plan. The Plan contemplates that there will be excess funds to pay Creditor Claims. The major risk associated with the Plan, is the Debtor's ability to sell the interest in the Property as contemplated by this Plan.

ARTICLE XI.
TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of

the Creditor or the interests of the Equity Interest Holder. Under this Plan all creditor are to be paid in full. CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS.

Under the terms of this Plan, the creditor's should not suffer any negative tax consequences as a result of the Plan because all creditors will be paid in full the amounts owed to them.

ARTICLE XII.
PENDING OR ANTICIPATED LITIGATION

Debtor has evaluated potential claims which may be brought pursuant to the Bankruptcy Code or other laws. The Debtor is not aware of any such claims that could be brought that would benefit the estate at this time.

Dated: January 29, 2018.

Respectfully submitted,

Robarosa Corporation

/s/ Gail Cooper

By: Gail Cooper

Its: Trustee of Cooper Family Trust, Sole Shareholder