

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
LAREDO DIVISION

IN RE: EN BUENAS MANOS §
PRIMARY CARE, INC. § CASE NO. 15-50121
§
Debtor § Small Business Case Under Chapter 11

EN BUENAS MANOS PRIMARY CARE, INC.'S DISCLOSURE STATEMENT,
DATED JUNE 8, 2016

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I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the small business chapter 11 case of En Buenas Manos Primary Care, Inc., (the “Debtor”). This Disclosure Statement contains information about the Debtor and describes the En Buenas Manos Plan of Reorganization (the “Plan”) filed by the Debtor on June 8, 2016. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

The proposed distributions under the Plan are discussed at pages 7 through 10 of this Disclosure Statement. There is one General unsecured creditor classified in Class 5. This creditor will receive a distribution of 100 % of its allowed claim, to be distributed as follows: payable in equal monthly installments over 60 months of principal and interest from the Effective Date, at an annual interest rate of 3% . The monthly plan payment for this claim is \$56.06.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why [the Proponent] believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

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

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to [Finally Approve This Disclosure Statement and] Confirm the Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on July 7, 2016, at 9:00 a.m., in Courtroom assigned to the United States Bankruptcy Court, for the Southern District of Texas, Laredo Division. The Court room is located in the United States Courthouse, at 1300 Victoria, Laredo, Texas, 78040. The U.S. Marshal’s will tell you which court room the Bankruptcy Court is sitting in on the day of the hearing.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to Carl M. Barto, Debtor's Counsel, 817 Guadalupe, Laredo, Texas 78040. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by 5:00 p.m. on June 30, 2016 or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon Debtor's Counsel, the attorney for the Office of the United States Trustee, all creditors, and all parties requesting notice in this case by 5:00 p.m. on June 30, 2016

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

If you want additional information about the Plan, you should contact Carl M. Barto, Debtor's Counsel, 817 Guadalupe, Laredo, Texas 78040. His e-mail, phone and fax are cmblaw@netscorp.net , 956 725-7500, and 956 722-6739.

C. **Disclaimer**

The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until 5:00 p.m. on June 30, 2016 .

II. **BACKGROUND**

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

The Debtor is a corporation headquartered in Laredo, Texas. The Debtor has been in the business of providing home health care since 2006. It employs 68 people. It is licensed by the Texas Department of Ageing and Disability Services to provide "personal assistance" to the elderly and the disabled in their homes.

The Texas Department of Ageing and Disability Services defines "personal assistance services" in its Licensing Standards for Home and Community Support Services Agencies Handbook (the "Handbook") as:

"(80) Routine ongoing care or services required by an individual in a residence or

independent living environment that enables the individual to engage in the activities of daily living or to perform the physical functions required for independent living, including respite services. The term includes:

- (a) personal care;
- (b) health related services that are defined as not constituting the practice of professional nursing services by the Texas Board of Nursing through a memo of understanding with DADS in accordance with Texas Health and Safety Code Sec 142.016.
- (c) health related tasks provided by unlicensed personnel under the delegation of a registered nurse or that a registered nurse determines do not require delegation. “

The Handbook further defines “personal care” as:

“(81) Personal Care - - The provision of one or more of the following services required by an individual in a residence or independent living environment:

- (A) Bathing;
- (B) Dressing;
- (C) Grooming;
- (D) Feeding;
- (E) Exercising
- (F) Toileting;
- (G) Positioning;
- (H) Assisting with self administered medications;
- (I) Routine hair and skin care, and;
- (J) Transfer or ambulation.

The Debtor only provides personal care as defined in Section 81 of the Handbook consisting of assisting individuals who are unable to assist themselves with activities of daily living such as dressing, transportation from bed to chairs or the bathroom, bathing, meal preparation, grocery shopping, and use of the toilet. In addition to these activities it is sometimes necessary to provide cleaning services to the assisted individuals. The individuals providing personal assistance do not provide any in home health care. They do not administer medications or provide health care treatments.

All of the individuals the Debtor assists have primary care givers. One of the Debtor’s primary functions is to provide care giver relief to the family member or person responsible for the full time care of the individual. The Debtor provides these services based on a plan of care provided by the Texas Department of Ageing and Disability Services. The Debtor helps families take care of, and in some cases provide round the clock sitting for the elderly, bed ridden, terminally ill, or people otherwise unable to provide basic care for themselves.

B. Insiders of the Debtor

The Debtor is wholly owned and exclusively managed by its sole shareholder and president Cynthia Ramirez. managed. Prior to the filing of this case the Debtor paid her a monthly salary of \$1,000.0 After the case was filed Mrs. Ramirez began to pay herself a living wage of \$6,000.00 per month. This is the only compensation she has received from the Debtor both before and after the case was filed..

C. Management of the Debtor Before and During the Bankruptcy

As stated above Mrs. Cynthia Ramirez managed the Debtor during the two years prior to the date on which the bankruptcy petition was filed. She remains the Debtor's President only officer.

After the effective date of the order confirming the Plan, Cynthia Ramirez will remain as the President and sole manager of the Reorganized Debtor. She will continue to be responsible for the management and control of all operations of the Debtor.

D. Events Leading to Chapter 11 Filing

The Debtor fell behind in the pre petition filing of returns and payment of I.R.S. taxes. As a responsible party, the Debtor's owner and principal, Mrs. Cynthia Ramirez would have liability for these taxes, and be obligated to pay them. Mrs. Ramirez filed a chapter 13 Case, No. 13-50101. At the time of the filing of the Chapter 13 the Debtor and her counsel thought that the unpaid I.R.S. taxes totaled slightly less than \$50,000.00 and that the Debtor could pay them under the terms of her Chapter 13 plan.

An I.R.S. collection agent, after the filing of the Chapter 13, began trying to collect the I.R.S. taxes owed by En Buenas Manos directly against the business. The I.R.S. collection agent asserted that the business had a separate obligation to pay the taxes and that the filing of the 13 did nothing to stop collection activity against En Buenas Manos for non consumer debt. 4. Additionally, the amount of the I.R.S. debt sought for collection against En Buenas Manos was much greater than the Debtor or its counsel were originally aware of. The original Chapter 13 schedules showed an unsecured debt to the I.R.S. of \$80,000.00. The I.R.S. filed a proof of claim in the Chapter 13 for \$45,154.31 for FICA and FUTA tax penalties. The I.R.S. claim asserted in the Chapter 11 exceeds \$266,969.46.

The I.R.S. collection officer was threatening to seize all of the assets of the business. The only way to stop the I.R.S. from closing the business was by seeking the protection of the bankruptcy court.

E. Significant Events During the Bankruptcy Case

Debtor filed a Motion asking the Court Not to Appoint a Patient Ombudsman [ECF No. 10] on September 9, 2015. The Motion argued among other matters that under its license from the Texas Department of Aging and Disability Services it only provides personal assistance services. The Debtor does not administer medications or provide health care treatments. It only provides personal care to its patients to assist them in engaging in activities of daily living and performing physical functions. The Motion also argued that the Debtor is already subject to sufficient oversight to protect the interest of its patients through the agencies that regulate it. These same agencies set the criteria for treatment of the Debtor's client's, and randomly check on the well being of the Debtor's patients. The Motion also argued that the patients are mostly treated in their own homes or that of a relative and that these relatives are also in a position to protect the interest of the patients. Finally, the Motion argued that the increased cost of an Ombudsman would probably make the Debtor's plan not feasible because the costs for paying an ombudsman would reduce the money available to the Debtor to fund its plan. The Court granted the Motion on September 18, 2015 [ECF No. 11].

The Debtor's principal believes that she is capable of administering and maintaining the books and records of the Debtor and that hiring an accountant would incur costs that would just take funds away from the Debtor's ability to pay its creditors.

Debtor's counsel did file an application to be employed [ECF No. 9] on September 9, 2015. The Court approved the employment of bankruptcy counsel in its order of September 25, 2015 [ECF No. 14].

Debtor's counsel has negotiated with the I.R.S. for a reduction of the Debtor's I.R.S. obligations and an extension of the terms of repayment to try to get them on a basis that the Debtor would be able to perform. A copy of the I.R.S. terms are attached hereto as **Exhibit H**.

F. Projected Recovery of Avoidable Transfers [Choose the option that applies]

The Debtor does not believe there have been any avoidable transfers, and accordingly does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The Debtor is a service company with very few assets. It does not own any real estate. The assets it does have are listed in Schedule B and consists of the furniture and office equipment used to run the Debtor. Debtor valued these at \$3,500.00 based on the Debtor's President's opinion of what used tables and chairs, and old computer equipment would bring at a garage sale.

The Debtor had not issued a financial statement prior to this case being filed.

The most recent post-petition operating reports filed since the commencement of the Debtor's bankruptcy case are set forth in **Exhibit D**.

III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	\$13,005.69	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	\$20,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	\$0.00	Paid in full on the effective date of the Plan
Other administrative expenses	\$0.00	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$1,625.00	Paid in full on the effective date of the Plan
TOTAL		

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
I.R.S. Employment Taxes (Class 1)	\$49,996.2 6	4/19/2010 to 01/05/2015	Pmt interval = Monthly [Monthly] payment = \$1,026.52 Begin date = August 7, 2016 End date = 11/07/2020 Interest Rate % = 3% Total Payout Amount = \$ 53,378.52
Ad Valorem Taxes on Personal Property City of Laredo Laredo I.S.D. Laredo Community College Webb County (Class 2)	\$397.49 \$564.98 \$108.24 \$232.51	01/01/2015	A lump sum payment on the Effective Date in the total amount of all of these claims of \$1,303.22 This is not an impaired class.
Texas Workforce Commission UI Tax (Class 3)	\$3,494.06	January through March of 2015	Interval = Monthly Monthly payment = \$82.06 Begin date = August 15, 2016 End date = 08/15/2020 Interest Rate % = 6% Total Payout Amount = \$3,938.88 This class is impaired.

C. **Classes of Claims and Equity Interests**

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor’s bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor’s claim is less than the amount of the creditor’s allowed claim, the deficiency will be classified as a general unsecured claim.

The following Class 4 Claim is the only non priority pre-petition secured claim of the Debtor. The chart shows the proposed treatment of the Claim and Class under the Plan:

Class #4	Description	Insider? (Yes or No)	Impairment	Treatment
	<p><i>Secured claim of:</i> Name = I.R.S.</p> <p>Collateral description = All of the assets of the Debtor and its owner including her home and an apartment complex</p> <p>Allowed Secured Amount = \$198,927.84</p> <p>Priority of lien = 1st Principal owed = \$198,927.84 Pre-pet. arrearage = All Total claim = \$198,927.84</p>	No	<p>Impaired</p> <p>Yes, the Debtor has reached an accommodation with the IRS to reduce the amount of this debt and pay it in the plan pursuant to the terms stated in herein for treatment of this claim. A copy of the agreement with the IRS is attached to this Disclosure Statement as Exhibit G.</p>	<p>[Monthly] Pmt = \$1,424.31</p> <p>Pmts Begin = 30 days after confirmation</p> <p>Pmts End = 96 months after first payment</p> <p>Interest rate % = 3% per annum</p> <p>Treatment of Lien = Released on final payment</p>

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

There are no claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code in this case.

3. *Class of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. [Insert description of §1122(b) convenience class if applicable.]

There is only one general unsecured claim in this case. Its treatment is as follows:

Class # 5	Description	Impairment	Treatment
	General Unsecured Class Capital One Credit Card Account: Amount \$3,120.76	Impaired	Monthly Pmt = \$56.06 Pmts Begin = August 7, 2015 Pmts End = August 7, 2021 Interest rate % from the Effective Date 3% Estimated percent of claim paid = 100%

4. *Class of Equity Interest Holders Class 6*

Equity interest holders are parties who hold an ownership interest (*i.e.*, equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. Cynthia Ramirez owns 100% of the stock of the Debtor.

The Plan proposes to allow the Equity Interest Holders to retain their ownership interest in the Reorganized Debtor on confirmation of the Plan.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded from the net proceeds of the Debtor’s ongoing business operations. The Administrative expense to the I.R.S. will be paid on the Effective Date with funds advanced to Mrs. Ramirez by family members.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall continue to be Cynthia Ramirez as President, with her monthly gross salary continuing to be \$6,000.00.

E. Risk Factors

The proposed Plan has the following risks:

Debtor has an excellent record with the agencies over seeing its operations. The health care industry is heavily regulated, however, and subject to rapid changes in reporting and submission requirements. Again, the Debtor has in the past done well in responding to these changes, but it is not impossible that some change in government reporting or other regulation might make it impossible for the Debtor to continue its operations.

Beyond this, the greatest risk facing the Debtor is the inability to file and pay her 941 and 940 taxes on time. The Debtor's president believes that she can keep current with both of these requirements.

F. Executory Contracts and Unexpired Leases

The Debtor has one executory contract, its lease for the office where it conducts its business. The landlord is the Debtor's sole shareholder Cynthia Ramirez. Debtor intends to continue to use the leased premises under its lease and is assuming lease under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

There are no other leases or executory contracts by or with the Debtor in this Case.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are the anticipated tax consequences of the Plan:

H. This is a 100% plan. There are no tax consequences to the Debtor or creditors under the Plan.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and

the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes 1,3, 4, and 5 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes 2 and 6 are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was December 16, 2015.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

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

3. *Who is Not Entitled to Vote*

The holders of the following five types of claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.

- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

5. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by “cram down” on non-accepting classes, as discussed later in Section [B.2.].

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

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

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

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

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

D. Feasibility

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

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit F**.

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

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in **Exhibit G**.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$65,383.80. The final Plan payment is expected to be paid on August 7, 2023.

The Debtor's anticipated cash flow is more than adequate to cover its normal business expenses and Plan payments.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge. On the confirmation date of this Plan, the debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B). The Debtor is not entitled to discharge pursuant to 11 U.S.C. § 1141(d)(3). In accordance

with § 1141(d)(3) of the Code, the Debtor will not receive any discharge of debt in this bankruptcy case.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan.

However, the Court may require a new disclosure statement and/or revoting on the Plan.

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

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

VI. OTHER PLAN PROVISIONS

A. The Debtor has entered an agreement with the I.R.S. for the payment of its I.R.S. taxes. A copy of the terms of the Agreement are attached hereto as **Exhibit G**. The Agreement is incorporated by reference as though fully set forth herein.

EN BUENAS MANOS PRIMARY CARE, INC.

By: /S/ Cynthia Ramirez

Cynthia Ramirez, President and Plan Proponent

/S/ Carl Michael Barto

Carl Michael Barto,

Attorney for Debtor

EXHIBITS

Exhibit B Identity and Value of Material Assets of Debtor

Cash in Bank \$11,000.00.

Office furniture and computers \$3,500.00

Exhibit C – Prepetition Financial Statements

Debtor did not provide Financial Statements prepetition to lenders and has no such documents.

Exhibit E – Liquidation Analysis***Plan Proponent's Estimated Liquidation Value of Assets*****Assets**

a. Cash on hand	\$21,000.00
b. Accounts receivable	
c. Inventory	\$0.00
d. Office furniture & equipment	\$3,500.00
e. Machinery & equipment	\$0.00
f. Automobiles	\$0.00
g. Building & Land	\$0.00
h. Customer list	\$1000.00
i. Investment property (such as stocks, bonds or other financial assets)	\$0.00
j. Lawsuits or other claims against third-parties	\$0.00
k. Other intangibles (such as avoiding powers actions)	\$0.00

Total Assets at Liquidation Value **\$ 25,500.00**

Less:

Secured creditors' recoveries \$198,927.84

Less:

Chapter 7 trustee fees and expenses \$ 1,625.00

Less:

Chapter 11 administrative expenses \$ 43,505.69

Less:

Priority claims, excluding administrative expense claims \$ 54,793.54

Total Debt Liability \$298,852.07

(1) Balance for unsecured claims -\$273,852.07

(2) Total dollar amount of unsecured claims \$ 3,120.00

***Percentage of Claims Which Unsecured Creditors Would
Receive Or Retain in a Chapter 7 Liquidation:***

0%

***Percentage of Claims Which Unsecured Creditors Will
Receive or Retain under the Plan:***

100%

Exhibit F – Cash on hand on the effective date of the Plan

Cash on hand on effective date of the Plan:

In Bank DIP Accounts:	\$20,000.00
Attorney’s IOLTA Account	\$ 5,000.00
Family Loan	\$13,000.00
Amount of administrative expenses payable on Effective Date of the Plan	
I.R.S and UST Fees	\$14,630.69
Debtor’s Counsel (\$5,000.00 from IOLTA, with at least half of estimated balance of \$15,000 paid on the Effective Date	\$ 7,500.00
Amount of statutory costs and charges	\$0.00
Amount of cure payments for executory contracts	\$0.00
Other Plan Payments due on effective date of the Plan	
I.R.S. Monthly payment on priority claim	\$1,026.52
I.R.S. Monthly payment Secured Claim	\$1,424.31
Lump sum payment to ad valorem Tax entities	\$1,303.22
TWFC monthly payment	\$ 82.06
Capital One unsecured monthly payment	\$ 56.06
	\$ 26,022.86
Balance after paying these amounts.....\$	11,977.14

The sources of the cash Debtor will have on hand by the effective date of the Plan are estimated as follows:

\$11,000.00	Cash in Debtor’s bank account now
+ 9,000.00	Additional cash Debtor will accumulate from net earnings between now and effective date of the Plan. Debtor

is averaging approximately \$4,500.00 per month in net profit per month. The Effective Date is projected to be two months away.

- +13,000.00 Borrowing. The Debtor's family is willing to contribute money to save their daughter's or sister's business. The terms of the loan would be submitted to the court for approval.
- + 5,000.00 Other. There is \$5,000.00 in the Debtor's counsel IOLTA account.

Debtor's owner is willing to reduce her salary to make operating funds available to the business should the foregoing source of funds not be sufficient to fund the Plan..

\$ 38,000.00 Total