

Disclosure Statement
Kimberly Gregory Brown
16-23742
October 14, 2016

PROCEDURAL INFORMATION

Voting. A ballot to be used for voting for or against the Plan is enclosed. Under the Bankruptcy Code, “impaired” classes of claims are entitled to vote on the Plan.

CLAIMS IN CLASSES 1 THROUGH 6 AND INTERESTS IN CLASS 7 ARE IMPAIRED AND ENTITLED TO VOTE.

IN ORDER TO BE COUNTED, BALLOTS MUST BE RETURNED SO THAT THEY ARE RECEIVED NO LATER THAN _____, MOUNTAIN TIME, ON _____, AT THE FOLLOWING ADDRESS:

**Roger A. Kraft, Attorney At Law, P.C.
7660 S. Holden St.
Midvale, UT. 84047**

A HEARING ON CONFIRMATION OF THE DEBTORS’S PLAN WILL BE HELD BEFORE THE HONORABLE JUDGE JOEL T. MARKER IN HIS COURTROOM (ROOM 341) IN THE UNITED STATES COURTHOUSE, 350 SOUTH MAIN STREET, SALT LAKE CITY, UTAH ON _____, 2016, AT _____.M. MOUNTAIN TIME.

OBJECTIONS TO CONFIRMATION OF THE PLAN, IF ANY, MUST BE IN WRITING AND FILED WITH THE CLERK OF THE BANKRUPTCY COURT, AT THE ABOVE ADDRESS, ON OR BEFORE _____, AND COPIES OF SUCH OBJECTION MUST BE SERVED UPON:

**Roger A. Kraft,
Brian D. Johnson
7660 S. Holden St.
Midvale, UT. 84047
Attorneys for the Debtors**

**United States Trustee’s Office
405 South Main Street, Suite 300**

Salt Lake City, UT 84111

**OBJECTIONS TO CONFIRMATION, IF ANY, WILL COME ON FOR HEARING
AT THE TIME OF THE HEARING ON CONFIRMATION SET FORTH ABOVE.**

ARTICLE A

BACKGROUND OF THE CASE

A-1.00 Petition. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on May 2, 2016.

A-2.00 Debtor in Possession. The Debtor has remained in possession and have operated as Debtor in Possession since the filing of the petition.

A-3.00 No Unsecured Creditors' Committee. No unsecured creditors' committee has been appointed in this case.

A-4.00 No Trustee or Examiner. No trustee or examiner has been appointed in this case.

ARTICLE B

BACKGROUND AND AFFAIRS OF THE DEBTORS

B-1.00 Identity. The Debtor is an unmarried individual.

B-2.00 Location. The Debtor lives in Pleasant Grove, Utah.

B-3.00 Sources of Income. The debtor does not have a traditional W2-type job. She owns various interests in LLCs, Corporations, Partnerships, and other entities, and owns certain promissory notes and other collectible obligations, and she is working as a 1099 contractor for

B-4.00 Prepetition Circumstances and the Reason the Petition was Filed.

In January 2009 the debtor's husband decided he wanted a divorce, which surprised Kimberly Brown
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her greatly. In 2008, during the start of the recession, her husband's domestic car dealerships were already losing a lot of money each month, and starting to siphon money from the Toyota dealership.

During 2009, the divorce was an emotional challenge, and her health started to suffer. Her marketing agency was also starting to suffer, as she had to attend to her health. The agency started losing accounts, including Brent Brown Auto.

In the divorce she received 2 homes in Hawaii, the Alpine home, and a Sundance lot, all over mortgaged so she and her husband could get money to buy the auto dealerships before the recession. She was incurring and paying mortgages, maintenance, expenses, power, etc., \$50,000 - \$60,000 a month, and the cash she received from the divorce was used up quickly. She was trying desperately to sell the real estate. She never dreamed it would take now 6 years to finally be selling the last piece of upside down real estate; the Sundance lot.

The market was horrible in Hawaii and Utah, so every time a home would sell, she had to come up with \$120,000 each Hawaii home, to have the mortgages be free and clear.

During this time, her Mother passed away unexpectedly, I had 2 kids in rehabs with DUI, and her health deteriorated. She was also emotionally distraught with the divorce. Then at the end of April 2011, she was diagnosed with stage 2-B follicular Lymphoma inside her small intestinal lining. She went to Huntsman Medical Center in May to discuss procedures. She had to start chemo June 2, 2011, with the week before, moving out of the marital home. She had unable to sell it, and couldn't deal with chemo in that large home. She moved in with her sons for them to help her through the chemo.

At the same time, the CEO of the ad agency, not realizing the debtor was so sick, quit to take a job somewhere else. Shortly after, her media director and radio buyer left too. Her business fell apart. She had to charge credit cards to pay down debt. Her CEO had not warned her, but the agency was about to start losing money the next month, June 2011. So, business bills were \$35,000 a month from there until the agency closed early 2013. After the chemo 10/2011, she had another medical surgery of a prolapsed colon in November 2012.

By January 2013, her cash from the divorce was running out, in no small part due to paying for upside-down real estate. She had made a few investments back in 2011, that had not paid off. She also had lost some money in other business ventures, including The Blaze Arena Football team.

She still believed the remaining investments would pay off, and would avoid disaster. Her ex husband insisted that she continue to pay the \$60,000 a month of left over debt from the divorce, as was spelled out in the decree. The Alpine marital home still hadn't sold. She and her ex husband agreed that she would pay him back from investments she was trying to liquidate. The Sundance lot hadn't sold either. Between those two assets, there was a first of \$750,000 from Bank of America and a second of \$1,623,000 from Toyota financial, with the total exposure of \$2.2 plus million.

She received a life insurance policy from her Father of one million dollars, that she was supposed to live on, but to keep her out of the courts with her ex husband, she paid him half, and pledged many of her other investments as collateral to ensure repayment of the terms of the decree. He took over the credit card debt, from my business, because had had current ability to pay, but his debt continued to rise from these credit card payments, and

interest continued to accrue. Also during the divorce, there was some discrepancy regarding payment of attorneys' fees and the parties ended up with a line of credit for that.

The Alpine home finally sold in February 2014, for only \$800,000. It barely covered the first mortgage of \$750,000 from Bank of America, leaving the exposure of \$1,623,000 with Toyota Financial Services. Toyota negotiated to take the Sundance lot as collateral, though the debtor and her husband had bought that lot for \$900,000 and were going to be lucky to sell it for \$750,000. This last piece of real estate remains undersecured, though a buyer has been found.

While the debtor was still in chemo for cancer, her sister, Lisa Brown, came to her needing financial help. Her husband had recently gone to prison, and she was trying to sell pianos to make a living. The debtor agreed under the emotional pressure of the circumstances to give her sister \$20,000 in an advance and to make further repairs to the piano to sell it. The debtor invested \$38,000 in it. The debtor's sister said it was worth over \$100,000, but did not disclose some of the damage. The debtor sold it in February, 2013 for \$62,500. The debtor believed that the agreement was to pay her sister the difference from what was invested, and what it sold for. That was approx. \$30,000. Her sister then alleged that the debtor did not have authorization to sell the piano, re-alleged that it was worth well over \$100,000, and brought suit against the debtor and several other parties. The suit and jury trial finished unfavorably for the debtor in March of this year, with damages of approximately \$125,000.

The Toyota Financial line of credit, secured by the lot, had a raise in payment in May, 2016, that the debtor simply could not comply with. She did not have a buyer yet, her ex husband was clamoring for her to pay the line of credit, and was threatening to execute

on the investments, and the jury trial ended unfavorably, leaving the debtor unable to meet her responsibilities as they came due.

This petition was filed in May to proposed a timely, reasonable payment of the debtor's obligations in an orderly manner over time as the investments mature.

ARTICLE C

SIGNIFICANT EVENTS IN THE DEBTORS' REORGANIZATION CASE

C-1.00 Employment of General Counsel. On May 9, 2016, the Debtor filed an application to employ Roger A. Kraft, Attorney At Law, P.C. and Brian D. Johnson, P.C. as general counsel. On June 21, 2016, the Court approved the Debtors' application to appoint the above counsel.

C-2.00 Statement and Schedules. On May 2, 2016, the Debtor filed her original Statement of Financial Affairs and related Schedules of Assets and Liabilities.

C-3.00 Meeting of Creditors. The meeting of creditors under section 341 of the Bankruptcy Code was held on June 9, 2016. The Debtors and their counsel attended the meeting of creditors that was conducted by a representative of the United States Trustee's Office

C-4.00 Monthly Financial Reports. The Debtors have filed all monthly financial reports required in her bankruptcy case.

C-5.00 Employment of an Accountant. On August 17, 2016, Elaine Collins was appointed by order of the Court as accountant for the debtor and estate.

C-6.00 Motions for Relief From the Automatic Stay.

Creditors Lisa and Keith Brown, through counsel, in cooperation with the debtor, through counsel, filed an agreed motion for relief from stay on August 9,

2016, for the sole purpose of allowing the creditor to enter judgment pursuant to a jury verdict. The filing of the petition stopped entry of the judgment and the creditor sought relief to enter the judgment to justify and liquidate its claim. An order granting relief was entered August 29, 2016.

Creditor Brent Brown, through counsel, and debtor, through counsel, entered into a stipulation for relief from stay and for use of cash collateral. The debtor's shares of stock in RallyMe, Inc. were sold pursuant to an agreement of a majority of shareholders, without the need for the debtor's consent. The debtor received a distribution pursuant to that sale. Her shares in RallyMe, Inc. had been pledged as collateral to Brent Brown. The parties reached an agreement for the debtor to keep certain sums as and for monthly expenses and for the remainder to be turned over to Mr. Brown. That stipulation was noticed for hearing and an order approving that stipulation is pending before the court. No objections to approval of the stipulation have been filed.

C-7.00. Other Important Events. On July 26, 2016, debtor filed a motion to approve sale of the parcel of real property listed on schedule A. That motion was approved by Order of the Court, the parcel has been sold, and the secured creditors Toyota Financial and Brent Brown have reduced or will reduce their claims commensurate with receipt of the sale proceeds.

ARTICLE D

FINANCIAL DATA, ASSETS AND LIABILITIES

D-1.00 Summary of Chapter 11 Operations. The debtor owns various financial investments and interests in entities such as stocks, memberships, partnerships, notes, and

other instruments and investments. She also works as a contractor in sales for a software marketing and analytics firm.

D-2.00 Claims Against the Debtors. Filed herewith as Exhibit 1 is a summary of the claims scheduled by the Debtors and filed by creditors and the Debtors' estimate of the claims that will be allowed and paid under the proposed Plan.

D-3.00 Projected Revenues and Expenses. Filed herewith as Exhibit 2 is a summary of the Debtors' projected revenues and expenses for the years 2016 through 2020.

D-4.00 Non-regular-income Revenues. Filed herewith as Exhibit 3 is a summary of the Debtor's various interests and investments that may fund during the term of the plan and result in return to creditors.

ARTICLE E

SUMMARY OF THE DEBTORS'S PLAN

SECTION A. INTRODUCTION AND OVERVIEW

E-1.00 Caution. THE FOLOWING IS A BRIEF SUMMARY OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. CREDITORS ARE URGED TO READ THE PLAN IN FULL. THE PLAN REPRESENTS A LEGALLY BINDING DOCUMENT. AN INTELLIGENT JUDGMENT ABOUT THE PLAN CANNOT BE MADE WITHOUT READING IT.

E-2.00 Overview of the Plan. The effective date of the Plan is 30 days after entry of an order confirming the Plan, unless a party to an appeal of the confirmation order obtains a stay pending appeal. The Plan provides for the continued operation of the Debtor at her various contracted employment and investments after confirmation. Repayment of claims

will be made from funds generated from the reorganized Debtor's work-generated income, from ongoing payments from notes, and from liquidation of various investments and interests.

Expenses of administration, consisting of quarterly fees due to the United States Trustee's Office (USTO) and attorneys' fees of the Debtor's general counsel will be paid on or before the effective date of the Plan. Holders of these administrative expenses may agree to be paid over some period of time after the effective date of the Plan. Ongoing operating expenses incurred post-petition by the Debtors will be paid as they come due.

Generally, the secured claims with the exception of Brent Brown shall be paid directly as their payments become due in accordance with their contracts, by third party co-debtor entities or individuals.

Priority claims, if any, held by the taxing authorities shall be paid within five years of the petition date. There is one priority claim in this case, the Internal Revenue Service.

Upon the completion of the payment of priority claims under the Plan, allowed nonpriority claims in Class 6 shall receive a pro rata distribution under the Plan and, upon the completion of the payments under the Plan, shall have their claims discharged.

The Debtors will retain their ownership interests in the real and personal property unless otherwise disposed of during the pendency of the plan as authorized by the court.

SECTION B. ADMINISTRATIVE EXPENSES AND TAXES

E-3.00 Postpetition Operating Expenses. The Plan provides for the payment of ongoing postpetition expenses as they come due in the ordinary course. Payments will come from the Debtor's income from notes, proceeds from the cash collateral agreement(s) with Brent Brown, and income from 1099 contractor employment.

E.4.00 Administrative Expenses. Administrative expenses of the Chapter 11 case consist of: Quarterly fees to the USTO and attorneys' fees to Roger A. Kraft, Attorney At Law, P.C. and Brian D. Johnson P.C., general counsel for the Debtors. The Debtors will pay all quarterly fees due through confirmation to the USTO. Any quarterly fees due after confirmation will be paid as they become due. Moreover, the Debtors shall timely file all quarterly reports due after confirmation in a form acceptable to the USTO. General counsel anticipates that it will incur fees and costs of approximately \$25,000.00 prior to confirmation of the Plan. The Plan permits the reorganized Debtors to pay fees of professionals whose employment was authorized during the bankruptcy case, for services rendered after confirmation of the Plan, upon receipt of statements for those services. Any amounts paid by the reorganized Debtors to such professionals after confirmation will be subject to final approval by the Court at the hearing on the reorganized Debtors' motion for final decree and order closing case.

E-5.00 Priority Claims. Priority claims, if any, held by the taxing authorities shall be paid within five years of the petition date. There is one priority claim, from the Internal Revenue Service.

SECTION C. DESIGNATION OF IMPAIRED CLASSES.

E-6.00 Classes of Claims and Interests. Pursuant to the Bankruptcy Code, the Plan establishes classes of secured and unsecured claims. Secured claims are included in Classes 2 through 5, and 8. Unsecured claims are included in Classes 6 and 7. The interests of the Debtors are included in Class 9.

E-7.00 Impaired Classes. Under the Bankruptcy Code, the Debtors are required to specify any class of claims or interest that is not impaired. Essentially, unless a plan leaves

unaltered the legal, equitable, and contractual rights to which a claim or interest entitles the holder of such claim or interest, such claim or interest is impaired. All classes of claims and interests, other than Class 1, are impaired under the Plan.

SECTION D. TREATMENT OF SECURED CLAIMS.

E-8.00 Class 4- BMW Bank of North America (“BMW”) First Priority Lien on the Debtor’s 2013 Range Rover Evoque. Class 4 includes BMW’s first priority lien on the Debtors’ automobile. The automobile is co-owned with, and the note is co-owed by Kinetic4 Market Labs, LLC. Such claim shall be paid directly by Kinetic4 Market Labs, LLC, pursuant to the terms of the contract and applicable non-bankruptcy law.

E-9.00 Class 8 – Brent Brown. Class 8 contains a debt to Brent Brown secured by an Omnibus Agreement and collateral pledge, and subsequent UCC-1 filing on certain of debtor’s investments, stocks, and other interests. Such claim shall not receive any distribution through debtor’s plan payments. However, such claim shall be paid through sale/liquidation/use of the investments and other interests which serve as collateral, and shall at all times be subject to such creditor’s security interest, which shall not be extinguished by confirmation of, or completion of, the plan. Any amounts of such creditor’s claim *not* satisfied by sale/liquidation/use of the investments and other interest which serve as collateral shall not be discharged upon completion of the plan, pursuant to 11 USC Sec. 523(a)(15).

SECTION E. TREATMENT OF UNSECURED CLAIMS.

E-10.00 Class 7 – General unsecured, non-priority claimants to be paid by 3rd party, direct. Class 7 includes Toyota Financial Service’s and Key Bank’s claims 8 and 1,

respectively. Codebtor Brent Brown shall pay these creditors directly, and no payment shall be made by debtor on these claims through debtor's plan. Such claims shall be discharged upon completion of the plan.

E-11.00 Class 6 – General Nonpriority Unsecured Claims. Class 6 contains all of the allowed undisputed nonpriority unsecured claims. The reorganized Debtors anticipate that these claims will receive a pro rata distribution of no less than \$10,800.00 to be paid at various rates ranging from \$1.00 to \$300.00 per month for a period of 36 months commencing in approximately February 2017. Class 6 claimants shall also receive periodic distributions from sale/liquidation/payout of certain interests/stocks/investments, which assets are *not* subject to the Brent Brown security interest. If none of those interests ever pay out or result in income to the debtor, class 6 claimants shall receive approximately 2.5% of the amount of their claims from debtor's monthly distribution. In reality, such creditors are likely to receive much more than that, and may very well receive a full distribution of their claim amount. No interest shall be paid to creditors in this Class. These claims will be discharged upon completion of all payments under the Plan.

SECTION F. TREATMENT OF INTERESTS.

E-12.00 Class 7 – Interests. As reorganized Debtors, the Debtors shall retain their interest in the real and personal property of the estate so long as there is a legal interest in such property.

SECTION G. EXECUTORY CONTRACTS AND LEASES.

E-13.00 Assumed Leases and Executory Contracts. The following executory contracts are assumed under the Plan, and payments shall continue to be made pursuant to the lease terms:

E-16.01 Highland Hideaway

E-16.02 Toyota Motor Credit/Toyota Lease Trust (claim 7)(to be paid by debtor's adult son)

E-17.00 Catch-all Rejection. All executory contracts and leases not assumed under the Plan are rejected, including, but not limited to all agreements with Home Owners Associations. This provision is included in the Plan in the event such contracts or leases exist.

SECTION H. OPERATIONS OF THE REORGANIZED DEBTORS.

E-18.00 Operation of the Business. As of the effective date of the Plan, the reorganized Debtor will continue her current 1099 contract work and shall continue to collect on the notes payable to her and shall continue to use cash collateral pursuant to her cash collateral agreement with Brent Brown. The Plan provides that all disposable income will be applied to the Plan.

E-19.00 Manager of Reorganized Debtors. The Debtor shall continue to manage her own affairs. Because the Debtor is an individual there is no separate manager for the reorganized Debtor.

E-20.00 Estimated Cash Flow. Schedules I and J and Exhibit 2 contain estimated future cash flows and estimated expenses for the reorganized Debtors. Moreover, there is no guarantee that the Debtors will meet these estimates. These are the Debtors' best estimates, however, based upon their current employment taking into consideration current and anticipated economic conditions.

E-21.00 Avoidable Transfers. Under the Bankruptcy Code, certain transfers made

within 90 days of the filing of the bankruptcy petition,¹ that may have been made on account of an antecedent debt, made while the Debtors were presumed to be insolvent under section 547(f) of the Bankruptcy Code, that enable the transferee to receive more than it would have received in a Chapter 7 bankruptcy liquidation, may be recovered as preferential transfers. There are numerous circumstances that prevent a transfer from being a preference and a number of defenses available to the transferee under the Bankruptcy Code. In addition, fraudulent transfers made within one year of the petition date may be recovered under the Bankruptcy Code. Fraudulent transfers include those made with actual intent to hinder, delay or defraud creditors and, if the Debtors were insolvent, those made for less than fair equivalent value. The Debtors do not anticipate pursuing any potential avoidable transfers under the Plan.

SECTION I. OTHER MATTERS.

E-22.00 Lien Retention by Creditors Holding Valid Secured Claims. Except as otherwise provided in the Plan or ordered by the Court, all creditors holding valid secured claims shall retain valid, undisputed liens on their respective collateral in the priority that existed as of the Debtor's petition date until such time as their secured claims are satisfied as set forth in the Plan. Once satisfied, the creditors shall, within 30 days of such satisfaction, take all steps necessary to release their liens or otherwise reconvey title to the collateral to the Debtor.

E-23.00 Default. If the reorganized Debtor fails to make a payment on an allowed secured claim, the holder of the claim may exercise its rights against collateral under Utah state law or, in the case of the IRS, Federal law, and the documents evidencing the

¹ One year is the applicable period if the transfer is to an insider.

obligation as the same may have been modified by the Plan. Exercise of these rights, however, will be only permitted after 30 days notice to the reorganized Debtor and holders of unpaid allowed claims. The reorganized Debtors could cure the default during the 30-day period. During the 30-day period, any party adversely affected by the threatened action may seek to obtain from the Bankruptcy Court an order prohibiting such action. In any event, the exercise of such rights shall be limited to the collateral only and shall not entitle the holder of a secured claim to pursue deficiency claims against the Debtors.

Failure of the reorganized Debtors to make payments on account of allowed nonpriority unsecured claims will permit the holder of such claim to give 30-days notice of the intent to request a default under the Plan. A hearing will be held on such motion, after notice to holders of all unpaid allowed claims. If, at the time of hearing, the default has not been cured, the Court may enter an appropriate order including, directing the reorganized Debtors to pay the claim.

In addition, or in the alternative, to the other remedies for default previously set forth in the section, a creditor or party in interest may bring a motion to convert or dismiss the case under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revert in the Chapter 7 estate, and the automatic stay will be reimposed upon the revested property only to the extent that relief from stay was not previously granted by the Court during their case.

E-24.00 Retention of Jurisdiction. The Bankruptcy Court retains jurisdiction under the Plan to adjudicate the pending lawsuits, objections to claims, declare a default and over

other matters specifically set forth in the Plan.

E-25.00 Discharge. The Bankruptcy Code provides that in a case in which the Debtors is an individual, unless after notice and a hearing the court orders otherwise for cause, confirmation of the plan does not discharge any debt provided for in the plan until the court grants a discharge on completion of all payments under the plan. The Debtors do not anticipate receiving a discharge until after completing all payments due under the Plan.

E-26.00 Final Decree and Order Closing Case. Local Rule 3022-1 requires the reorganized Debtors to file a motion for final decree and order closing the case within one year after confirmation of the Plan. The Plan provides that the reorganized Debtors will file such a motion.

ARTICLE F

LIQUIDATION ANALYSIS

F-1.00 Liquidation Analysis. File herewith as Exhibit 4 is a liquidation analysis prepared by the Debtors. The liquidation analysis shows anticipated recovery by creditors if the case is converted to a case under Chapter 7 and liquidated by a Chapter 7 trustee. The values used in the liquidation analysis for assets are 100% of the amount of the asset as of the petition date. These values are liberal and are used to give creditors the benefit of the doubt as to liquidation of those assets. As shown on Exhibit 4, the Debtors anticipate that the recovery to nonpriority unsecured creditors in a Chapter 7 liquidation would be less than the distribution under this plan. The recovery anticipated under the proposed Plan to holders of undisputed nonpriority unsecured claims in Class and 6 is approximately **2.5%** from plan payments, plus distributions made assets liquidated during the term of the plan

which are not held as collateral by Brent Brown.

F-2.00 Advantages of the Plan. The advantage of confirmation of the Plan as opposed to liquidation of the Debtors in a Chapter 7 case is recovery of a greater percentage on account of nonpriority unsecured claims in Class 6. The Debtors anticipate that the reorganized Debtors will continue to do business with existing creditors that are willing to do so thus providing an additional benefit to those creditors. In addition, an particular to this case, unsecured creditors will benefit from the continued maintenance by debtor of relationships with business owners, managers, officers, and other proprietors of the entities and businesses in and with which debtor has ownership interests. Her continued maintenance of those relationships adds value to the interests that a chapter 7 trustee would not, be able to bring to fruition

ARTICLE G

ALTERNATIVES TO THE PLAN AND RISKS

G-1.00 Alternatives. An alternative to the Plan is the conversion of the case to a case under Chapter 7. As set forth in Article F, the Debtors believe that confirmation of the Plan provides advantages to creditors with unsecured claims that outweigh those of liquidation in a case under Chapter 7. Other alternatives include amending the Plan or dismissal of the case.

G-2.00 Risks. There are inherent risks in relying on income from debtor's investments, as they are subject to fluctuation, devaluation, or failure. They are also subject to appreciation and increased valuation. The estimates on schedules I and J are primarily based upon the Debtors' current knowledge and best projections..

ARTICLE H

MANNER OF VOTING AND CONFIRMATION OF THE PLAN

H-1.00 Solicitation of Acceptances. Their disclosure statement shall have been approved by the court in accordance with Section 1125 of the Bankruptcy Code before being provided to each creditor. Under the Bankruptcy Code, acceptances of the Plan may not be solicited from claim holders unless a copy of the approved disclosure statement is, or has been, transmitted to the claim holder.

H-2.00 Counting Votes and Acceptances. In determining acceptances of the Plan, a vote will be counted if timely submitted by the holder of a claim that is impaired and (a) whose claim is scheduled by the Debtors as undisputed, noncontingent and liquidated, (b) who has timely filed with the Court a proof of claim which has not been disallowed prior to computation of the votes on the Plan, (c) whose claim is an allowed secured claim under Sections 502 and 506(d) of the Bankruptcy Code, or (d) whose claim has been temporarily allowed by the Bankruptcy Court for purposes of voting.

H-3.00 Acceptance by Impaired Classes. An impaired class of claims is deemed to accept the Plan if at least (a) 50% plus one of the number of allowed claims voting to accept the Plan and (b) 2/3 of the aggregate dollar amount of the allowed claims voting vote to accept the Plan.

H-4.00 Manner of Voting. A ballot for accepting or rejecting the Plan will be enclosed with the approved Disclosure Statement and Plan. Holders of claims should read the instructions carefully, complete, date and sign the ballot and transmit it to the address indicated on the ballot. In order to be tabulated, all ballots must be received by the time indicated thereon. Failure to vote or a vote to reject the Plan will not affect the treatment to be accorded a claim if the Plan is confirmed.

H-5.00 Hearing on Confirmation. The notice of hearing on confirmation indicates the time and place of the confirmation hearing. The Court may confirm the Plan at the hearing only if the requirements set forth in Section 1129 of the Bankruptcy Code are satisfied, including the requirement that the Debtors have no domestic support obligations. The Debtors, the USTO or a holder of an allowed unsecured claim may propose or file modifications to the Plan either before or at the hearing on confirmation or after confirmation. If the Bankruptcy Court finds that the proposed modification or modifications do not adversely change the treatment of any creditor who has not accepted the modification in writing, the modification may be deemed accepted by all parties in interest who have previously accepted the Plan.

H-6.00 Best Interest of Creditors. The Debtors must establish with respect to each class that each holder of a claim in that class has accepted the Plan or will receive or retain under the Plan on account of such claim or interest property of a value that is not less than the amount that such holder would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. Moreover, pursuant to 11 U.S.C. § 1129(a)(15), if an unsecured creditor objects to confirmation, the Plan must provide for payment in full of the allowed unsecured claim owing as of the effective date of the Plan or the Debtors must distribute through the Plan property equal to the value of their net disposable income for a period of three years.

H-7.00 Confirmation Without Acceptance by All Classes. The Bankruptcy Code contains provisions for the confirmation of a Plan if it is not accepted by all impaired classes. Once a class of impaired claims has accepted the Plan, the Plan may be confirmed over the objection of every other class of creditors pursuant to Section 1129(b) of the

Bankruptcy Code.

H-8.00 Rejection by Secured Classes. If a class of secured claims rejects the Plan, the Plan may be confirmed under Section 1129(b) if the Plan does not discriminate unfairly as to that class and is “fair and equitable” to the class. Section 1129(b) states that the “fair and equitable” standard requires, among other things, that the Plan provide (a) that the lien securing the claims of members of the class be left in place and that holders of secured claims will receive deferred cash payments of a present value equal to the lesser of the amount of the claim or the value of the collateral, (b) that the collateral securing the claims be sold free of the liens with the liens attaching to the proceeds and with such liens on the proceeds being treated under one of the other two standards described in their paragraph or (c) a treatment for the claim which is the “indubitable equivalent” of the claim.

H-9.00 Rejection by Unsecured Classes. If a class of unsecured claims rejects the Plan, the Plan may be confirmed if it does not unfairly discriminate and is “fair and equitable” as to the class. Under Section 1129(b) a Plan is “fair and equitable” as to a class of unsecured claims if, among other things, the Plan provides that (a) each holder of a claim included in the rejecting class receive or retain on account of that claim property which has a value, as of the effective date, equal to the amount of such claim, or (b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain any property on account of the junior claim or interest except, because the Debtors are individuals, they are entitled to retain property included in the estate even if the unsecured creditors do not accept the Plan. In other words, the “absolute priority rule” does not apply to individuals in Chapter 11 cases.

ARTICLE I

TAX CONSEQUENCES OF THE PLAN

I-1.00 Tax Consequences. As to the Debtor and the reorganized Debtor, because she is an individual, she will have the normal tax consequences of an individual. As such, the reorganized Debtor will need to comply with all tax reporting requirements, pay all appropriate taxes and otherwise comply with the applicable provisions of the Internal Revenue Code and the Utah State Tax Code. The Debtor and reorganized Debtor shall remain current on all post petition tax obligations. In addition, the Debtor and reorganized Debtor shall timely file all required tax returns and provide copies to the USTO until the case is closed.² The treatment of claims and interests under the Plan may also have tax implications to the holders of such claims and interests. For instance, there may be tax implications for the recapture of bad debts or implications regarding the timing of reportable income for entities that report income on a cash basis. Because each of the holders of claims and interests have such varied circumstances, it is impossible for the Debtor and reorganized Debtor to provide legal or accounting advice regarding the applicability of the tax laws on an individualized basis. Therefore, holders of claims and interests should obtain advice from their own counsel or accountants regarding the applicability of tax laws.

Dated their 14th day of October, 2016.

COUNSEL FOR DEBTORS.

By: /s/ Roger A. Kraft
Attorney for the Debtors in Possession

² To the extent that there are tax documents that are required to be filed with the Court, the Plan may not be confirmed until all such tax documents are filed. The Debtors affirmatively asserts that all such tax documents have been filed.

By: /s/Bryan D. Johnson
Attorney for the Debtors in Possession