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UNITED STATES BANKRUPTCY COURT
IN AND FOR THE EASTERN DISTRICT OF WASHINGTON

In re:

SPOKANE COIN EXCHANGE, INC.,

Debtor.

No.: **18-00826-FPC11**

Chapter 11

**EX PARTE APPLICATION FOR
ORDER:
(1) CONDITIONALLY APPROVING
DISCLOSURE STATEMENT;
(2) SETTING HEARING UPON
DISCLOSURE STATEMENT AND
PLAN; AND
(3) SETTING DEADLINES FOR
OBJECTIONS AND BALLOTS**

Debtor, by and through its attorney, Southwell & O'Rourke, P.S., hereby requests that the Court enter an Order granting the following relief:

1. Conditionally approving the adequacy of the Disclosure Statement, a copy of which is attached as Exhibit 1. Upon such conditional approval, the Debtor would formally file the Plan and Disclosure Statement in substantially the form and substance as contained in Exhibit 1. The Debtor anticipates that the Plan and Disclosure Statement would be filed on or within three (3) days of the entry of the Order conditionally approving the Disclosure Statement;

Ex Parte Application for Order Conditionally Approving Disclosure Statement, (2) Setting Hearing Upon Disclosure Statement and Plan; and (3) Setting Deadlines for Objections and Ballots-1

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2. Setting a hearing to consider final approval of the Disclosure Statement and confirmation of the Plan of Reorganization;

3. Ordering that the Plan and Disclosure Statement, a Notice of Conditional Approval of Disclosure Statement, a Ballot, and a List Classifying Claims be mailed to parties in interest within five (5) days of the entry of the Order conditionally approving the Disclosure Statement; and

4. Setting the deadline for objections to the Plan or Disclosure Statement and for returning completed Ballots, to a date 28 days after the deadline for mailing notice requested in paragraph 3 above, and setting a date for responses to objections.

WHEREFORE, the Debtor respectfully requests the Court to enter an Order, conditionally approving the Disclosure Statement and setting the deadline set forth herein.

DATED this 29th day of May, 2018.

SOUTHWELL & O'ROURKE, P.S.

BY: /s/ Dan O'Rourke
DAN O'ROURKE, WSBA #4911

Ex Parte Application for Order Conditionally Approving Disclosure Statement, (2) Setting Hearing Upon Disclosure Statement and Plan; and (3) Setting Deadlines for Objections and Ballots-2

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In re:

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Chapter **11**

Debtor.

DISCLOSURE STATEMENT

I.
INTRODUCTION

Debtor provides this Disclosure Statement to all of its known Creditors in order to disclose that information deemed by the Proponents, with the advice of counsel, to be material, important, and necessary to Creditors to arrive at a reasonably informed decision in exercising their right to vote for acceptance of the Plan of Reorganization (hereinafter "the Plan") presently on file with the Bankruptcy Court. A copy of the Plan accompanies this Statement.

The Court will set the last day for filing an acceptance or rejection of or an objection to the Confirmation of the Plan. You will be notified of said date. Creditors may vote on the Plan by filling out and mailing the accompanying ballot to the Bankruptcy Court at the address indicated on the form. As a Creditor your acceptance is important. In order for the Plan to be deemed accepted, of the ballots cast, Creditors that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of each class of Creditors must vote for the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY AS TO ITS FORMER OR PRESENT BUSINESS OPERATIONS OR THE VALUE OF PROPERTY, ARE AUTHORIZED BY THE PROPONENT OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

Disclosure Statement-1

EXHIBIT 1

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1 THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A
2 CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR UPON WHICH A
3 SUBSTANTIAL PORTION OF THIS STATEMENT IS BASED ARE DEPENDENT UPON
4 ACCOUNTING PERFORMED BY THE DEBTOR WITH THE ASSISTANCE OF
5 ACCOUNTANTS. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE
6 COMPLEXITY OF THE FINANCIAL MATTERS OF THE DEBTOR, IT IS UNABLE TO
7 WARRANT OR REPRESENT THE INFORMATION CONTAINED HEREIN IS WITHOUT
8 ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE
9 ACCURATE.

10 II 11 DEFINITIONS

12 Debtor's Plan and Disclosure Statement refer to or use certain words, which
13 have a specific meaning under Title 11 U.S.C. (the Bankruptcy Code), the Plan or the
14 Disclosure Statement. These words or terms are herein defined.

15 1. "Accountant" shall mean Rachae Bertholf and Roche Accounting & Tax
16 Service, LLC, or any certified public accountant, employed or to be employed by Debtor
17 with prior Court approval.

18 2. "Administrative Expense" shall mean the claims of Accountant, Special
19 Counsel, and Attorney for Debtor as set forth in Section 503 of the Code.

20 3. "After Notice and Hearing" means after such notice and such opportunity for
21 a hearing as is appropriate in the particular circumstances. It authorizes an act without an
22 actual hearing if a notice is given properly and if a hearing is not requested timely or if
23 there is insufficient time for a hearing to be held before the act must be done and the Court
24 authorizes the act.

25 4. "Allowed Claim" shall mean a Claim for which a proof of Claim has been
timely filed with the Court within the time fixed by the Court of June 29, 2017, as to which a
final order or judgment has been entered allowing said amount or to which no objection to
a timely filed proof of Claim being filed or listed without being disputed.

5. "Allowed Secured Claim" shall mean an Allowed Claim secured by a lien,
security interest or other charge against or interest in property in which the Debtor has an
interest and which property has a present fair market value in a sufficient amount to pay all
superior lien Claims and the Claims.

6. "Attachment Lien Claim" shall mean the claim and assertion by Class 9
(Babudro) that her unliquidated claim is secured in whole or in part by Debtor's property.
Debtor believes this position is based upon an order entered by the Spokane County,
State of Washington, Superior Court on March 8, 2016 in that case numbered 15-2-04782-

Disclosure Statement-2

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0 and captioned Susan Babudro, Plaintiff v. Spokane Coin Exchange, Inc., et. al.,
1 Defendants. A copy of the order, captioned "Order for Writ of Attachment" is attached
2 hereto as Exhibit "1".

3 7. "Attorney for Debtor" shall mean Southwell & O'Rourke, P.S., and any
4 additional attorneys or successors as approved by the Court.

5 8. "Claim" shall mean any right to payment, or right to an equitable remedy for
6 breach of performance if such breach gives rise to a right to payment, whether or not such
7 right to payment or right to equitable remedy is reduced to judgment, whether unmatured,
8 disputed, undisputed, legal, equitable, secured or unsecured.

9 9. "Code" shall mean Title 11 of the United States Code, 11 U.S.C. §101, et.
10 Seq.

11 10. "Collateral of Class 8" shall mean those specific pieces of art representing
12 the security to support and collateralize the Allowed Secured Claim of James McKee, the
13 single member of Class 8. These paintings are a Mola and a Reni, each valued by Debtor
14 at \$30,000.00.

15 11. "Confirmation" shall mean the entry of an order confirming the Plan.

16 12. "Court" shall mean the United States Bankruptcy Court for the Eastern
17 District of Washington.

18 13. "Creditor" or "Creditors" shall mean all persons and/or entities holding
19 Claims of or against the Debtor holding claims for liabilities, demands or claims of any
20 character whatsoever.

21 14. "Debtor" or "Debtors" shall mean Spokane Coin Exchange, Inc.

22 15. "Debtor in Possession" shall mean Debtor, when exercising its rights,
23 powers, and duties under Section 1107(a) of the Code in the reorganization case.

24 16. "Debtor's Business" shall mean the retail sale of artwork, coins, bullion,
25 and related property.

17. "Disbursing Agent" shall mean Accountant and/or the entity or individual
as designated by the Court in the Order of Confirmation, acting in the capacity of the
disbursing agent under this Plan, and having such rights, powers, and duties as may be
designated in the Plan, the Order of Confirmation, or by final Order of the Court. If a
Disbursing Agent is not appointed, Debtor shall be the Disbursing Agent.

Disclosure Statement-3

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18. "Disputed Claim" shall mean a filed or scheduled claim of an alleged Creditor as to which an objection has been filed by a party in interest or which has been scheduled in the Schedule of Liabilities filed pursuant to §521(1) of the Code as disputed, contingent or unliquidated.

19. "Effective Date" shall mean the date on which the Order of Confirmation becomes final and non-appealable.

20. "Estate" and/or "Property of the Estate" shall mean the estate created pursuant to §541 of the Code.

21. "Final Order" shall mean an order or judgment of the Court as to which the time for appeal has expired without a notice of appeal having been filed, or as to which any appeal therefrom has been resolved.

22. "Inventory" shall mean all property of Debtor held for resale, other than "Inventory of Art," including coins, books, jewelry, currency, artifacts, antiques, stamps, and bullion.

23. "Inventory of Art" shall mean miscellaneous art pieces held by Debtor for resale. Generally, these consist of paintings.

24. "Net Proceeds of Liquidation" shall mean gross recovery less the reasonable costs and expenses of any attorneys and experts employed by Debtor.

25. "Net Proceeds of Sale" shall mean gross sales or liquidation proceeds including payments on contract, less the broker or auctioneer commission, if any, approved by the Court or specifically set forth in this Plan, and less the standard, usual, and reasonable costs and expenses at closing, such as consignment and advertising fees. As used herein, the brokers, consignee, or auctioneer's commission shall not exceed twenty percent (20%) of the sales price unless increased After Notice and Hearing. Such modification shall not be deemed an amendment or modification to the Plan. Provided, further, that in the case of an auction, Net Proceeds of Sale shall be that amount further reduced by auction advertising expenses not to exceed three percent (3%) of the gross sales price.

26. "Order of Confirmation" shall mean the Order of the Court confirming the Plan pursuant to §1129 of the Code.

27. "Petition Date" shall mean the date on which Debtor filed its Voluntary Petition for relief in accordance with Chapter 11 of Title 11, United States Code, with the Court, commencing the reorganization case, namely, March 28, 2018.

Disclosure Statement-4

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1 28. "Plan" shall mean the Plan of Reorganization in its present form, or as it may
be amended, modified, or supplemented, filed by Debtor.

2 29. "Professional Persons" shall mean persons, including a trustee, if one is
3 appointed, retained or to be compensated pursuant to Sections 326, 327, 328, 330, and/or
4 1103 of the Code.

5 30. "Proponent" shall mean Debtor above-named.

6 31. "Pro rata" shall mean that with respect to a distribution to any holder of an
7 Allowed Claim or interest in a given class, the amount of such distribution shall be
8 calculated by multiplying the total amount available for distribution by a factor, the
numerator of which is the whole of said holder's Allowed Claim or interest, and the
denominator of which is the aggregate of the Allowed Claims or interest of that class.

9 32. "Reorganization" shall mean the Chapter 11 case pending before the Court
10 commenced by Debtor, designated case number 18-00826-FPC11.

11 33. "Reorganized Debtor" shall mean, as provided by Section 1141(d) of the
12 Code, the Debtor as revested, following the Effective Date, with all assets that were
formerly Property of the Estate.

13 34. "Rules" shall mean United States Bankruptcy Rules, Title 11, United States
14 Code.

15 35. "Schedules" shall mean the list of assets and liabilities required to be filed
16 pursuant to Section 521 of the Code, and which Debtor has filed, and any amendments
thereto.

17 36. "Secured Claim" shall mean an Allowed Claim that is a secured Claim
18 against the Debtor determined in accordance with §506(a) of the Code.

19 37. "Unclassified Claim" shall mean an Allowed Claim described in Sections
20 507(a)(1), (2) or (7) of the Code.

21 38. "Unsecured Claim" shall mean an Allowed Claim that is not a Secured
Claim.

22 39. "Unsecured Creditors Committee" shall mean the official Unsecured
23 Creditors' Committee appointed pursuant to Order of the Court in the reorganization case.
The members are: None

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25 Disclosure Statement-5

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ARTICLE III.
HISTORY/PRESENT BUSINESS OPERATION/PROJECTIONS

History/Present Business Operations: Debtor is a corporation organized and existing under the laws of the State of Washington. It began business in September of 1994. The officers, board of director members, and shareholders are:

Steve Baldwin is the Sole Officer, Board of Director Member, and Shareholder.

From almost the beginning of Debtor's formation and business, Debtor operated the business of Debtor without multiple employees. Steve Baldwin has been and is the only employee.

Debtor's initial business was the buying and selling of silver bullion. That business has expanded over the years. Presently, Debtor buys and sells silver and gold, including bullion, art, and artwork, coins, and related property at retail. If a customer wants to purchase a quantity of gold or silver, Debtor will quote a price, order the product from wholesalers, pay cash for it, and deliver it to buyer, who then pays for the order. In general, large orders are to investors.

Debtor's gross sale and net before tax income over the last five (5) years are as follows:

<u>Year</u>	<u>Amount</u>	<u>Net Income</u>
2018 to 3/1/18	\$138,451.90	\$3,115.17 (est.)
2017	\$647,439.47	\$14,632.14 (est.)
2016	\$359,239.88	\$8,118.52
2015	\$793,925.64	\$17,942.70 (est.)
2014	\$415,698.97	\$9,422.21

Steve Baldwin ("Baldwin") has not taken a salary in the last three (3) years, although it is fixed in the amount of Fifty Thousand Dollars (\$50,000.00) per year. Baldwin was hopeful he could build up Debtor's inventory by not drawing a salary and using the monies to purchase inventory.

Debtor projects the ability to earn a net annual income of not less than Forty-Two Thousand Dollars (\$42,000.00), or not less than Three Thousand Five Hundred Dollars (\$3,500.00) per month. This projection is essentially based upon a rise in gross sales, variable expenses virtually nonexistent, and fixed expenses consisting only of rent, phone, and security.

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Disclosure Statement-6

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Time and Basis of Financial Issues

Debtor's financial issues originated from a suit filed by a former client of Debtor, namely, Susan Babudro, Class 9 ("Babudro"). The suit was commenced on or about March 8, 2016 in the Superior Court, State of Washington, County of Spokane, cause number 15-2-04782-0 ("Suit"). Named as Defendants are Debtor and Steve Baldwin.

Suit asserts numerous claims based upon a contract between Debtor and Babudro (see: Exhibit 2). Babudro asserts the contract was breached by Defendants, and that she was defrauded and suffered damage. She asserts she is entitled to a damage claim of \$496,000.00, plus interest, attorney's fees, treble damages, etc. Debtor asserts the contract speaks for itself, that Plaintiff was paid in full pursuant to the contract, and that the suit has no merit.

Although the suit was started in 2015, it did not become a financial issue for Debtor until recently. Several attorneys involved in representing Babudro withdrew from representation. When Babudro hired present counsel, the suit was more or less activated.

Although Debtor believes it has a complete defense to Babudro's claims, Debtor has been unable to properly defend the action because it cannot keep counsel employed. This is due to Debtor's inability to pay counsel current amounts due.

Debtor intends to pursue Babudro for damages for continuing what Debtor believes is spurious litigation and a wrongful pre judgment attachment. Debtor is presently uncertain whether the litigation pending in Superior Court shall be removed to federal district court or whether separate litigation shall be commenced in bankruptcy court.

Additional financial issues were created for Debtor by reason of a pre judgment writ of attachment issued by the superior court in the Babudro litigation at Babudro's request upon certain of Debtor's property. This attachment had to be addressed, partially by filing the Chapter 11 case.

Debtor believes the writ of attachment and Attachment Lien Claim (Art. II, def. #6) are defective, extremely limited, and most importantly, the lack of perfection of any claim, making it voidable.

Brief Summary of Plan and Risks: Debtor's Plan provides for full payment under certain circumstances of allowed claims through a combination of liquidating claims, operating its business, and liquidating property, namely, artwork.

The claims to be liquidated are not only claims against Debtor, but claims by Debtor as follows:

Disclosure Statement-7

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1 1. The claim(s) against Debtor to be liquidated are those asserted by
2 Class 9 (Babudro).

3 2. The claims by Debtor to be liquidated are its claims, if any, against
4 Steven Baldwin for indemnity.

5 As stated and explained hereinafter, Debtor projects full payment to all creditors if
6 Debtor successfully defeats any allowable claim of Class 9. If the claim of Class 9
7 becomes an allowable claim at Four Hundred Ninety-Six Thousand Dollars (\$496,000.00),
8 Debtor projects a dividend to the unsecured claims of Class 9 and 10 at approximately
9 15.4%.

10 Debtor is certain it can operate at a profit and make periodic distribution to
11 creditors. It does not believe it can allow the claim of Class 9 and have the ability to pay it
12 over time.

13 The apparent risks involved with the Plan feasibility relates to claims liquidation. If
14 the claims are not timely, reasonably, and successfully liquidated, the substantial fairly
15 soon disbursement to creditors cannot be made. However, the risk really has no
16 downside. This is because if Debtor does not expand the efforts and resources to liquidate
17 the claim, the benefits are totally unattainable.

18 **Owner Files Chapter 7 Case**

19 Although Debtor believes it will have little or no impact upon the success of this
20 Chapter 11 case, it is important to note and disclose that on April 5, 2018, Steve Baldwin
21 filed a Chapter 7 case under case number 18-00935-FPC7. Steve Baldwin is the Sole
22 Officer, Director, and Shareholder of Debtor.

23 IV.

24 **CURRENT FINANCIAL INFORMATION**

25 Debtor has filed with the Court its Schedule of Assets. Except as is set forth
hereinafter, no formal appraisals have been acquired. Debtor believes the financial
information used and the values set forth hereinafter are fairly accurate.

 Debtor's representatives are familiar with the industry in which Debtor is involved
and have been for more than 30 years. As such, they were able to put values on Debtor's
inventory of coins, books, jewelry, currency, and bullion. Bullion, coins, and currency can
be valued on a daily changing basis on the open market. These values do change daily.
Debtor's representatives must and did consult with outside sources to evaluate books,
artwork, antiques, and Inventory of Art.

Debtor's representatives have been negotiating with an art expert and broker to arrange the consignment and sale of Inventory of Art (Art. II, def. #23). Upon completing terms, creditors shall be notified.

No formal appraisals have yet been acquired of Debtor's property. Except as set forth above, it is believed none would be helpful.

V.
SUMMARY OF THE PLAN

It is proposed that there will be eleven (11) classes of Creditors. The present members of each class and the approximate amount due and/or claimed by each class on the Petition Date are set forth hereinafter, which may not include interest which has been accruing. This Disclosure Statement contains a list, description and Debtor's estimate of the value of the security claimed by each of the Secured Claim holders, together with the payment required to be made said classes. The classes are as follows:

Class 1: Expenses of administration pursuant to Section 503 of the Code. Present members are Southwell & O'Rourke, P.S., Debtor's Attorneys, Rachae Bertholf and Roche Accounting & Tax Service, LLC, Debtor's Accountant. Also included for fees and assessments per Title 28 of the United States Code, Chapter 123, is the U.S. Trustee. Amounts due: \$20,000.00+ and \$1,500.00, respectively. To the extent county, state, or federal tax liability is created by the pre-discharge operations of Debtor's Business pursuant to this Plan, other than debt forgiveness or sale of property, the United States of America, Internal Revenue Service and/or State of Washington, Department of Revenue would hold valid Class 1 Claims.

Class 2: United States of America, Internal Revenue Service. Amount due: \$2,668.56

Class 3: Steve Baldwin. Amount due: \$12,850.00

Class 4: Legion, LLC. Amount due: \$1,435.00+

Class 5: CenturyLink. Amount due: \$190.00+

Class 6: Tyco Integrated Security, LLC. Amount due: \$50.00+

Class 7: Steve Baldwin. Amount due: \$1,500.00+

Class 8: James McKee. Amount due: \$33,000.00

Class 9: Susan Babudro. Amount due: \$496,000.00 (disputed)

Disclosure Statement-9

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Class 10: Unsecured Creditors. Amount due: \$230,673.18

<u>Claimant</u>	<u>Amount</u>
Bonded Adjustment	Unknown
Cancer Care Northwest	\$715.99
Cancer Care Northwest P.S.	\$6,102.43
CBS Collections	Unknown
City of Spokane	\$225.29
Clinton Kingsbury	\$2,700.00
Dwight Weigelt	\$10,000.00
Health Services Asset Management	\$498.10
Incyte Pathology	\$66.40
Inland Imaging PS – Spokane	\$427.69
James McKee	\$5,000.00
Legion, LLC	\$1,435.00
Lifecare Solutions, Inc.	\$87.01
Marshall Casey	\$0.00
PAML	\$44.70
Preferred Homecare Infusion, LLC	\$132.01
Providence Business Service	\$284.22
Roche Accounting	\$150.00
Rockwell Rutter	\$1,700.00
Safeco Insurance	\$2,148.32
South Hill Physical Therapy	\$87.38
Spokane County Treasurer	\$19.85
Spokane Reporting Service	\$275.00
Spokane Valley Ear Nose & Throat	\$44.76
Stamper Rubens	\$19,309.79
Steven Baldwin	\$150,000.00
Target Media Northwest	\$219.24

Class 11: Shareholders: Steven Baldwin

Debtor's Plan is a partial liquidation Plan, providing for the liquidation of a portion of the property of Debtor, namely, claims Debtor holds and Inventory of Art (Art. II, def. #23). It also gives Debtor the option to sell its business in the future, but only After Notice and Hearing (Art. II, def. #3).

General Introduction Of Plan Treatment and Payment Of Claims

Debtor's Plan is essentially premised upon its ability to operate its business profitably and timely liquidate claims and property. Thereafter, it proposes to pay

Disclosure Statement-10

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allowable claims more than Creditors would receive in a Chapter 7 liquidation, namely, full payment of Class 9 (Babudro) holds no allowed claim and partial payment if Class 9 holds any claim.

Debtor's Plan proposes the following for its business operations and its payment to creditor.

Operation of Business

Debtor's Plan provides that Debtor shall continue to operate its business as revised and reconstructed to the extent necessary to carry out its Plan. The business shall be directed by Steve Baldwin, President. This shall include marketing, selling, and supporting its Inventory products. Notwithstanding the above, the Plan proposes that Debtor shall be authorized to sell Debtor's Business (Art. II, def.#16) in whole or in part upon such terms as this Court shall approve upon After Notice and Hearing (Art. II, def.#3).

The Plan proposes that from the sale of Inventory and the operation of business, Debtor shall treat claims as set forth below.

Class 1: The Plan provides that Debtor shall pay Class 1 (Admin) the sum of One Thousand Seven Hundred Fifty Dollars (\$1,750.00) per month until paid in full. The first payment shall be made within thirty (30) days of Confirmation.

Class 2: The Plan provides that Debtor shall pay Class 2 (IRS) in full in four (4) equal installments. The first installment shall be paid within six (6) months of Confirmation.

Class 3: It is proposed in the Plan that although Class 3 (Baldwin) may waive its Class 3 allowed claim, it shall be paid the sum of Two Thousand Five Hundred Dollars (\$2,500.00) per month until paid in full if the claim is not waived. The first payment shall be made within thirty (30) days from full payment to Class 1.

Class 4: It is proposed in the Plan that the lease between Debtor, as Lessee, and Class 4 (Legion), as Lessor, covering Debtor's business premises shall be assumed pursuant to 11 U.S.C. § 365. Debtor shall keep current its payments and obligations to said Class 4. The lease assumption shall be automatic and effective upon confirmation without any specific order of Court or formal agreement.

Class 5 and 6: It is proposed in the Plan that the allowed claims of Class 5 (CenturyLink) and Class 6 (Tyco) shall be paid in full. The leases and/or executory contracts between Debtor, as lessee or user, and the members of Class 5 and 6, as lessors or providers, shall be assumed pursuant to 11 U.S.C. § 365. Debtor shall continue to pay and perform its obligations to classes numbered 5 and 6.

Disclosure Statement-11

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1 The lease or contract assumption by Debtor as set forth above shall be effective
upon confirmation without formal assumption or order of Court.

2 Class 7: Neither Debtor's Plan nor confirmation thereof shall modify, in whole or in
3 part, the obligations of Class 7 (Baldwin) to Class 4 (Legion) pursuant to the lease
between Debtor and Class 4.

4
5 The Plan specifies that Class 7 shall neither have nor acquire an allowed claim
against Debtor unless Debtor defaults in its payment and/or obligations to Class 4. Upon
6 default, if any, Class 7 shall acquire a claim for amounts, if any, Class 7 is required to pay
to Class 4.

7 Class 8: The Plan states that the Allowed Secured Claim of Class 8 (McKee), if
8 any, shall be paid in full together with interest. It shall be paid only upon the sale of
Collateral of Class 8 (Art. II, def. #10). Until the sale and payment occur, Class 8 shall be
9 paid nothing.

10 Notwithstanding the previous paragraph, the Plan states that Debtor shall use its
11 best efforts to avoid the lien claim of Class 8, whereupon it will be paid as an Allowed
Class 10 (Unsecured) claim. The Plan states that if Class 8 votes in favor of Debtor's Plan,
12 that vote shall be deemed consent to remove the lien claim.

13 Class 9: The Plan provides that to the extent Class 9 (Babudro) is determined to
hold an Allowed Secured Claim (see: "Attachment Lien Claim", supra), it shall be paid
14 upon the sale of its collateral. To the extent Class 9 is determined to hold an Allowed
Secured Claim (Art. II, def. #5) and is not fully paid from the net proceeds of sale of its
15 collateral, Class 9's deficiency shall be paid pro rata with Class 10 (Unsecured) claims
until paid in full, together with interest.

16
17 Class 10: In addition to payment of net proceeds of sale from the sale of Inventory
of Art. II, def. #23), Class 10 (Unsecured) shall be paid the sum of Two Thousand Five
18 Hundred Dollars (\$2,500.00) per month from the net profits of Debtor's Business until said
class, together with Class 9 (Babudro), allowed claims are paid in full. The first installment
19 to said class shall be made within sixty (60) days of full payment to Class 1 (Admin) and
Class 3 (Baldwin).

21 **Attachment Lien Claim**

22 The Plan states that Debtor's representatives shall use their best efforts to liquidate
the Attachment Lien Claim of Class 9 (Babudro). The claim is defined in part in Article II,
23 def. #6. The Plan states that unless otherwise resolved by agreement, Debtor shall:

24
25 Disclosure Statement-12

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1. Commence a declaratory relief suit against Class 9 to request the Court determine the nature, extent, and validity of the lien and/or Allowed Secured Claim (Art. II, def. #5) of Class 9;
2. In the suit, request the Court determine the dollar amount, if any, of the Allowed Claim; and
3. File formal objection to any claim filed or asserted by Class 9.

Sale of Inventory of Art

Debtor shall use its best efforts to sell Inventory of Art (Art. II, def. #23). After notice and hearing, Debtor shall employ a reputable and experienced art dealer to broker the sale of as many items of art inventory as is practical. Creditors and other parties in interest shall be given not less than fifteen (15) days notice of the proposed brokerage and consignment, including terms.

At the time of consignment, advertised sales prices shall be set and minimum sales prices shall be fixed for each item consigned and creditors shall be given notice thereof with an opportunity to object. All sales shall be for cash.

Debtor shall be authorized, without further notice to creditors, or order of Court, to accept any offer to purchase an art piece that is not less than minimum sales price. Debtors shall not sell any art piece for less than minimum sales price without prior order of Court.

Upon sale of any item of Inventory of Art, the net proceeds of sale shall be disbursed as follows:

first, the Allowed Secured Claim of Class 8 (McKee), if any, to the extent the proceeds are from a sale of all or part of Collateral of Class 8 (Art. II, def. #10) until paid in full;

second, the Allowed Secured Claim, if any, of Class 9 (Babudro) to the extent the proceeds are from a sale of the property properly securing the Class 9 claim until paid in full;

third, the Allowed Claims of Class 1 (Admin) members pro rata until paid in full;

fourth, the Allowed Claim of Class 2 (IRS) until paid in full;

fifth, the Allowed Claim of Class 3 (Baldwin) until paid in full;

sixth, the Allowed Claims of Class 8 (McKee) and Class 9 (Babudro) and Class 10 (Unsecured) allowed claims pro rata until paid in full; and

seventh, balance to Debtor

Drop Dead Provision

Two (2) drop dead provisions are provided as part of Debtor's Plan as follows:

1. Should any creditor believe Debtor is not expending sufficient efforts to liquidate property, provided for liquidation by the terms of this Plan, or that an alternative means should be used, such creditor may request the Court to revise the manner of liquidation, after notice and hearing; and

2. Should Debtor default in payment to creditors per this Plan or default on any of its obligations owed creditors pursuant to the security instruments or other loan documents the Debtor executed as may be modified by this Plan, said creditor shall give written notice of default to the Debtor as provided for in the security instruments or the other loan documents and to Attorneys for Debtor. Thereafter, should the default not be timely cured, a creditor may petition Court to lift stay to exercise its state law and/or contractual remedies. Except as expressly modified by the Plan, all terms and conditions of the promissory notes, the security agreements, and other loan documents evidencing the Debtor's obligations and covenants to creditors shall and hereby do remain in full force and effect. Debtor shall remain bound by the terms of these promissory notes, security agreements, and other loan documents except as expressly modified by the Plan.

VI.

EXPLANATION OF THE CLAIMS OF EACH CLASS

Debtor has made great efforts to include, schedule, and list known Creditors. Some Claims have been disputed or are being examined for the purpose of determining if they should be disputed. The following explanation and amounts could change as the resolution of a dispute occurs. However, no significant changes are anticipated. The classes are:

Class 1: The members of this class presently include the following:

<u>Member</u>	<u>Claim Amount</u>
Southwell & O'Rourke, P.S., Attorneys	\$30,000.00+
Rachae Bertholf, Roche Account & Tax Services, Accountants	\$2,000.00+

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Also included in Class 1 for fees and assessments per Title 28 of the United States Code, Chapter 123, is the U.S. Trustee. To the extent county, state, or federal tax liability is created by the pre-Confirmation operations of Debtor's Business (Art. II, def. #17) pursuant to Debtor's Plan, other than debt forgiveness or sale of property, the United States of America, Internal Revenue Service and/or State of Washington, Department of Revenue would hold valid Class 1 Claims.

The professional Claims of this class should not exceed Fifty Thousand Dollars (\$50,000.00). However, this is an estimate made at the time of the preliminary drafting of this Disclosure Statement and since the Claims are continuing in nature, they cannot be estimated with exact certainty.

The present problems Debtor or attorney for Debtor has with providing a present reasonable and accurate estimate of the fees and costs to be incurred in the future as Class 1 claims may be summarized as follows:

1. Counsel and Debtor are unsure what issues will arise concerning the sales or liquidation of property of estate, Debtor's implementation of Debtor's plan, or post-confirmation issues;

2. Counsel is unsure at the present time what issues will be required to be litigated relating to fixing the Allowed Claims or lift stay issues. Debtor may employ Special Attorney to litigate those issues.

3. Counsel is not certain what issues will arise concerning objections to claims and/or fixing the claims of certain creditors, namely, Class 9. There is not a claims filing requirement. Thus, Counsel cannot guess who will file a claim to which objections are proper; and

4. Counsel is unsure at present what confirmation issues will arise.

Any Claims incurred by professionals in assisting Debtor with these issues, if any, will be treated and paid as a Class 1 Claim.

The professional claims of Class 1 will be paid from monthly payments by Debtor and liquidation of property. Attorneys Southwell & O'Rourke, P.S. received and still hold a retainer in the amount of Two Thousand Five Hundred Dollars (\$2,500.00), which shall be applied to Court approved fees and expenses.

No interim fees for Attorneys or any other Class 1 member have been approved by the Court nor applied for. The accrued and outstanding fees of Southwell & O'Rourke, P.S. through May 15, 2018 are approximately Twenty-Nine Thousand Six Hundred Seventy Dollars (\$29,670.00) and costs are approximately One Hundred Ninety-Eight and 75/100

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1 Dollars (\$198.75). In addition, there are accrued and outstanding fees and costs of
2 Accountant Rachae Bertholf.

3 Class 2: The single member of Class 2 is U.S.A., I.R.S. It filed an estimated claim
4 in the amount of Two Thousand Six Hundred Sixty-Eight and 56/100 Dollars (\$2,668.56).
5 The majority of this claim is based upon unfiled returns. A list of unfiled returns is
6 contained on the claim filed by IRS, a copy of which is hereto attached as Exhibit 3.

7 As Debtor works on the preliminary drafting of this Disclosure Statement, it is
8 working with Accountant to file the delinquent returns and reports. Debtor believes the
9 unfiled reports will be filed before voting on Debtor's Plan. Debtor and Accountant do not
10 anticipate the claim filed by IRS increasing significantly.

11 Class 3: The single member of Class 3 is Steve Baldwin, holding a claim for unpaid
12 wages. This accrued with the consent of Class 3.

13 Wages or salaries earned within one hundred eighty (180) days before petition date
14 and not to exceed Twelve Thousand Eight Hundred Fifty Dollars (\$12,850.00) are entitled
15 to a priority in payment pursuant to Code § 507(a)(4). The extent, if any, by which Net
16 Amount exceeds Priority Amount is a proper claim of Class 10 (Unsecured Creditors).

17 Class 4: The single member of Class 4 is Legion, LLC, Debtor's landlord. Pursuant
18 to Lease between Class 4, as landlord, and Debtor, as tenant, Debtor leases its business
19 premises commonly known as 108 N. Washington Street, Spokane, Washington.

20 The lease is dated 2003 and requires payments of One Thousand Four Hundred
21 Thirty-Five Dollars (\$1,435.00) per month. It is a one (1) year lease. Debtor was current on
22 Petition Date.

23 Class 5: The single member of Class 5 is CenturyLink, Debtor's phone service
24 provider. Pursuant to contract between Debtor, as customer, and Class 5, as service
25 provider dated March, 2018. phone services are provided at a cost to Debtor of One
Hundred Ninety Dollars (\$190.00) per month.

The contract between Debtor and Class 5 was current on Petition Date. Debtor
shall keep current.

Class 6: The single member of Class 6 is Tyco Integrated Security, LLC. Class 6,
as provider, and Debtor, as customer, entered into an agreement whereby Class 6
provides 24 hour per day business monitoring security services. The contract was entered
on or about 1994 and requires payments of Fifty Dollars (\$50.00) per month.

The contract between Debtor and Class 6 was current on Petition Date. Debtor
shall keep current.

Disclosure Statement-16

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1 Class 7: The single member of Class 7 is Steve Baldwin, Debtor's sole officer and
2 owner. Class 7 has no obligation to Debtor supported by any writing or agreement.
3 However, Class 7 is named as a Defendant in the Babudro Litigation (see: Art. II, def. #6).

4 Class 7 is believed to hold a claim against Debtor for any cost, fees incurred, and
5 any judgment entered in the Babudro litigation. No formal tender of defense has been
6 made.

7 Additionally, Class 7 has co-signed Debtor's lease with Class 4 (Legion).
8 However, as between Debtor and Class 7, Debtor is the primary responsible party and
9 holds a claim against Debtor for any amounts Class 7 is required to pay upon Debtor's
10 default.

11 Class 8: The single member of Class 8 is James McKee, asserting an Allowed
12 Secured Claim in the approximate amount of Thirty-Three Thousand Dollars
13 (\$33,000.00). The asserted security for the claim of Class 8 is a first lien position upon
14 and in collateral of Class 8 (Art. II, def. #10), having a value of approximately Sixty
15 Thousand Dollars (\$60,000.00).

16 The claim of Class 8 was incurred in December of 2015 and requires no monthly
17 payments. The claim is presently fully due and owing with interest.

18 Debtor does not dispute the amount due and owing. Debtor does, however,
19 recognize that the lien claim upon and security interest in the collateral is not fully
20 perfected. This renders the lien avoidable.

21 Class 9: The single member of Class 9 is Susan Babudro, a former customer of
22 Debtor, but having no relationship with Class 7 (Baldwin). A series of investments in
23 bullion were made by Class 9. Some resulted in a profit and some resulted in losses.
24 Class 9 claims Debtor owes her for transactions wherein she lost money. However,
25 Class 9 also believes she gets to keep, without off-setting the profits and losses, all
gains.

 The claims by Class 9 are many, are creative, are complicated, and are believed
to be defensible. A copy of the most recent amended superior court complaint (see: Art.
II, def. #6) is attached hereto as Exhibit 2.

 Debtor contest and objects to any allowable claim by Class 9 and shall defend
itself from payment of any amount to Class 9.

 Debtor believes that should Court (Art. II, def. #12) rule that Class 9 holds an
Allowed Claim, it would be an unsecured claim of Class 10 (Unsecured Creditors).

Disclosure Statement-17

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Class 10: The members of Class 10 are all Debtor's unsecured creditors who hold claims related to Debtor's business affairs and guarantees or alleged guarantees of debt of Debtor's Business (Art. II, def. #16). The Claims hold no security interest in or lien upon property of the Estate, whether avoidable or otherwise, nor any priority to receive payments. The majority of the Claims of this class were incurred in the ordinary course of Debtor's operation of Debtor's Business. All members of Class 10 with amounts due each member as listed in Debtor's Schedules or amended herein are as follows:

<u>Creditor</u>	<u>Amount Due</u>
Bonded Adjustment	Unknown
Cancer Care Northwest	\$715.99
Cancer Care Northwest P.S.	\$6,102.43
CBS Collections	Unknown
City of Spokane	\$225.29
Clinton Kingsbury	\$2,700.00
Dwight Weigelt	\$10,000.00
Health Services Asset Management	\$498.10
Incyte Pathology	\$66.40
Inland Imaging PS – Spokane	\$427.69
James McKee	\$5,000.00
Legion, LLC	\$1,435.00
Lifecare Solutions, Inc.	\$87.01
Marshall Casey	\$0.00
PAML	\$44.70
Preferred Homecare Infusion, LLC	\$132.01
Providence Business Service	\$284.22
Roche Accounting	\$150.00
Rockwell Rutter	\$1,700.00
Safeco Insurance	\$2,148.32
South Hill Physical Therapy	\$87.38
Spokane County Treasurer	\$19.85
Spokane Reporting Service	\$275.00
Spokane Valley Ear Nose & Throat	\$44.76
Stamper Rubens	\$19,309.79
Steven Baldwin	\$150,000.00
Target Media Northwest	\$219.24

Class 11: The single member of Class 11 is Steven Baldwin, the sole shareholder of Debtor, who holds no right to payment from property liquidation, except subject to the provisions of the Plan, until all payment to Creditors proposed by the Plan to be paid are in fact paid.

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VII.

LIQUIDATION ANALYSIS AS COMPARED TO PLAN PAYMENTS

Debtor is proposing in the Plan to pay Allowed Claims those amounts set forth in Article V. Debtor believes that this is more than creditors would receive in a Chapter 7 case. The belief is based upon the fact that Debtor's Business (Art. II, def. #16) would not be operated in a Chapter 7 case and substantial value, which Debtor believes exceeds One Hundred Fifty Thousand Dollars (\$150,000.00), otherwise available under Debtor's Plan, would not be realized for creditors. Additionally, in this Chapter 11 case Debtor is expending substantial uncompensated efforts to manage Debtor's Business, to liquidate claims and property to maximize creditor recovery.

The Schedules Debtor has filed with the Court list all Debtor's assets with liens against the same existing at the time the case was filed, which is all property in which Debtor has an interest. Following is a summary of those assets which Debtor shall retain upon Confirmation, but which will be used or sold in part to fund Debtor's Plan.

Property to be Retained

The property to be retained until Debtor or its business is sold, if Debtor's representatives choose to sell it, its value listed in the Schedules or adjusted herein follows. The amounts set forth as liens are the amounts approximating the Claims. By listing amounts, Debtor is not proposing, except to the extent specifically provided for in the Plan, to fix the amounts of the Claims. They are as follows:

<u>Item</u>	<u>Value</u>
1. Cash on hand	\$10,000.00
2. Deposits of money	\$50,000.00
3. Coins, books, jewelry, currency, bullion	\$90,000.00
4. Office furniture and fixtures	<u>\$10,000.00</u>
<u>Total Value to be Retained:</u>	<u>\$160,000.00</u>

Property to be Liquidated or Collected

Following is a list of property which will be sold or liquidated and net proceeds of sale or liquidation paid into the Plan to create monies sufficient to pay a dividend to creditors holding Allowed Claims. Additionally, Debtor's representatives believe once Debtor becomes reorganized and operates at a profit, it may be sold, along with its remaining assets. This shall be at Debtor's sole option. Debtor believes a sale of an ongoing profitable concern would produce a substance sum. The following property shall be liquidated:

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<u>Item</u>	<u>Amount</u>
1. Artwork. <u>Value</u> : \$150,000 less 20% cost of liquidation	<u>\$120,000.00</u>
TOTAL FROM LIQUIDATION	<u>\$120,000.00</u>

If the Debtor were liquidated in a Chapter 7 bankruptcy case and produce liquidation proceeds estimated about at \$280,000.00, its estimated that unsecured creditors would receive a dividend of either 15.4% or 48.6% calculated as follows:

Class 1 (Admin professionals)	\$50,000.00
Class 1 (Tax on gain at 25%)	*\$70,000.00
Class 2 (IRS)	\$2,668.56
Class 3 (Wages)	\$12,250.00
Class 8 (McKee – Secured)	\$33,000.00
Classes 9 & 10	<u>\$112,081.44</u>
	<u>\$280,000.00</u>

If Class 9 (Babudro) holds an Allowed Claim of \$496,000.00, total unsecured claims of Class 9 (\$496,000.00) and Class 10 (\$230,673.18) total \$726,673.18. A dividend would approximate 15.4% (\$112,081.44/\$726,673.18). If Class 9 hold no allowed claim, the dividend to Class 10 would approximate 48.6% (\$112,081.44/\$230,673.18).

*Gain on sale of artwork, coins, bullion, etc. Compute 25% on retained property (\$40,000) and 25% on artwork (\$30,000)

The above analysis assumes that there would be an estimated twenty-five (25%) reduction in the asset recovery due to costs of sale, and collection efforts. Debtor reasonably believes this is a very conservative estimation, as it is more probable that without the Debtor's assistance, and without Baldwin's help the recovery would be substantially less. The above analysis also assumes that the total general unsecured claims would be approximately \$726,673.18 if Class 9 is allowed any claim. The above analysis also doesn't factor in Chapter 7 administrative expenses which would further reduce the dividend available to unsecured creditors.

If, however, Baldwin asserts Debtor in the careful and reasonable liquidation of Artwork Inventory (Art. II, def. #23) and continues to operate its business at a profit, Debtor can estimate the majority of the liquidation costs, substantially reduce the tax liability estimated and provide a greater return to creditors.

There are a few assumptions upon which the foregoing projections are based as follows:

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1. That the property can be disposed of and/or liquidated for the amounts and/or for the estimated prices;
2. That the costs of liquidation are as approximately estimated;
3. That the tax liability generated by sales, collections, and liquidations do not exceed the estimated amount by any significant degree;
4. That Class 1 administrative expenses are accurately estimated;
5. That the deficiency claims are reasonably estimated; and
6. That Debtor will not be required to employ special counsel to defend the claim(s) of Class 9 (Babudro). Debtor could spend a good part of the funds available to Class 9 and Class 10 defending the Class 9 claims.

It may be argued that some of Debtor's claims and property liquidation would produce the same benefit in Chapter 7 as they would in a reorganization. Debtor asserts this is not true because careful and knowledgeable examination of authenticity of artwork must be obtained to assure buyers the pieces are not fakes or reproductions. Similar procedures are required for antiques, coins, jewelry, stamps, and artifacts. Simply put, it is a difficult and extremely complex examination process and business. One whom does not understand the complexities of artwork, coin, and antique disposal, will have a genuine difficulty maintaining and, more importantly, maximizing their value.

It is unknown whether Debtor's "insiders" (11 U.S.C. § 101(31)) and/or key employees would continue their employment and association with Debtor if the operator of Debtor's business were someone other than Debtor and insiders.

VIII. EXEMPTIONS

Debtor is a corporation registered in the State of Washington. Pursuant to 11 U.S.C. § 522(b), only an individual debtor may claim property as exempt property. Debtor is not entitled to and therefore does not claim any property as exempt property.

IX. LITIGATION PENDING OR CONTEMPLATED.

On Petition Date, Debtor was involved in certain litigation. Additionally, Debtor contemplates litigation post-Petition Date.

Litigation on Petition Date

1. Babudro v. Debtor, et. al. This suit by Class 9 against Debtor was commenced on March 8, 2015. Although this suit has been pending for more than three (3) years and has undergone several amendments and modifications, Debtor believes it is both factually and legally without basis.

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1 Because it is difficult to explain the claims made and factual and legal support
2 asserted, Debtor has caused a copy of the Babudro complaint to be attached hereto as
3 Exhibit 2.

4 Debtor believes the issues raised by suit will be brought before Court (Art. II, def.
5 #12) prior to Confirmation.

6 **Litigation Post-Petition**

7 On Petition Date, Debtor did not anticipate any future litigation against it for any
8 purpose. However, Debtor believes it will be necessary for it to commence suit against
9 Class 9 (Babudro).

10 Debtor does not believe litigation will be necessary to establish the claim of Class 8
11 (McKee) as an Allowed Claim, but not an Allowed Secured Claim.

12 Debtor believes it will be necessary to either commence suit in this Court to
13 liquidate the claim(s) asserted by Class 9, to remove the suit pending in superior court to
14 this Court, or to object to any claim filed by Class 9. Any one of the three (3) options will
15 result in the proper liquidation of the Babudro claim.

16 When Debtor receives the monies from the liquidation of any Claims, Causes of
17 Action, or Property, the Net Proceeds of Liquidation (Art. II, def. #24) and/or Net Proceeds
18 of Sale (Art. II, def. #25) shall be disbursed the same as monies collected by Debtor in
19 Article X of the Plan. Debtor does not believe it has any other claims or Causes of Action,
20 except as set forth herein, and in Debtor's Plan, and Bankruptcy Schedules, as amended.

21 1. Notwithstanding any other provision of Debtor's Plan of Reorganization:

22 a) Disputed Claims shall be paid the same as other Claims of the Class in
23 which they are members upon their allowance by the Court;

24 b) any Claim may be disputed by Debtor after Confirmation should it be
25 determined that said Claim is invalid or unenforceable and Debtor does not, by
listing a Claim at all, reaffirm, acknowledge or agree to pay any Claim that proves
to be invalid or unenforceable; and

c) should a Claim or Creditor be listed in Debtor's Plan as a Secured Claim
or Creditor and it be determined by the Court that said Creditor's Claim be
unsecured in whole or in part, for any reason, then, in that event, said Claim, in
whole or in part, shall be treated as an Unsecured (Class 10) Claim and paid
accordingly.

Disclosure Statement-22

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1 2. Preservation of Rights: The Plan provides that Debtor and the Estate
2 retain all rights of and to commence and pursue any and all Causes of Action
3 (under any theory of law, including, without limitation, the Bankruptcy Code, and
4 in any court or other tribunal including, without limitation, in an adversary
5 proceeding filed in the Chapter 11 Case) to the extent the Debtor deems
6 appropriate. Potential Causes of Action may, but need not (if at all), be pursued
7 by the Debtor prior to the Effective Date, to the extent warranted. Potential
8 Causes of Action that may be pursued by the Debtor and/or the Estate prior to
9 the Effective Date and by the Debtor and/or the Estate after the Effective Date,
10 also include, without limitation, any other Causes of Action, whether legal,
equitable, or statutory in nature, arising out of, or in connection with, the affairs
of the Debtor, including, without limitation, the following: possible claims
against borrowers or third parties, counterclaims, defenses, and objections
relating to any Claims or other obligations; contract or tort claims which may
exist or subsequently arise; any and all Avoidance Actions pursuant to any
applicable section of the Bankruptcy Code arising from any transaction
involving or concerning the Debtor.

11 The Plan also states that the Debtor and the Estate expressly reserve any
12 and all Causes of Action for later enforcement by the Debtor and/or the Estate
13 (including, without limitation, Causes of Action that may be set forth in the Plan
14 or not specifically identified or which the Debtor may presently be unaware of or
15 which may arise or exist by reason of additional facts or circumstances
16 unknown to the Debtor at this time or facts or circumstances which may change
17 or be different from those which the Debtor believes to exist) and, therefore, no
18 preclusion doctrine, including, without limitation, the doctrines of *res judicata*,
19 collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial,
20 equitable, or otherwise) or laches shall apply to such claims or Causes of Action
as a result of the confirmation or consummation of this Plan, *or any aspect of*
the Disclosure Statement, this Plan, or the Confirmation Order. In addition, the
Debtor and the Estate expressly reserves the right to pursue or adopt any
claim, crossclaim, or counterclaims alleged in any lawsuit in which the Debtor is
a defendant or an interested party, against any Entity, including, without
limitation, the plaintiffs or co-defendants in such lawsuits, subject to the
provisions of this Plan or any Final Order.

21 The Debtor and the Estate do not intend, and it should not be assumed
22 that because any existing or potential Causes of Action have not yet been
23 pursued by the Debtor and the Estate or are not set forth herein, that any such
Causes of Action have been waived.

24 The Plan states that without limiting the generality and breadth of the
25 foregoing, the following potential Causes of Action are hereby expressly
preserved for pursuit by the Debtor or the Estate:

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1. Objections to any creditor claims of or on behalf of Class 9 (Babudro).
2. Avoidance of any lien claim of Class 9, including the claim of lien asserted pursuant to writ of attachment and/or Attachment Lien Claim (Art. II, def. #6).
3. Claims which may be asserted against Steven Baldwin, including claims for contribution or indemnity as a result of claims asserted by Class 9 (Babudro).

X.

TAX CONSEQUENCES OF DEBTOR'S PLAN

The Plan will impact various Creditors differently, depending on the nature of their Claim, their taxpayer status, their accounting method, and other variables. Creditors should consult their own independent tax advisors regarding the tax impact of the Plan upon their individual circumstances.

Under ordinary circumstances, the cancellation or discharge of indebtedness gives rise to recognition of income to the extent such debts are relieved. 11 U.S.C. 346(j)(1) provides that, with certain exceptions, income is not realized by the Debtor by reason of forgiveness or discharge of indebtedness in a bankruptcy case. Nevertheless, the discharge of indebtedness, even under bankruptcy, would give rise to a reduction of tax attributes, including the following: net operating losses for the current year or carry-forwards to that year, general business tax credits carried over to the taxable year, excess charitable contributions, the adjusted basis of non-exempt property currently held by Debtor, and current and carryover capital losses. Debtor shall be entitled to use any pre-petition Net Operating Loss carry forward, or any similar tax attributes, to the extent necessary to reduce Debtor's tax liability.

Debtor's accountant, Rachae Bertholf, has advised Debtor that because of the tax loss carry forward, the sales of property proposed in Plan will not create any income tax liability.

Should the total amount of debt being discharged and excluded from income exceed the amount of tax attributes and basis of property to be reduced, the balance of the discharged debt escapes tax and disappears. Debtor's accountant, Rachae Bertholf, advises Debtor that no tax liability will result to Debtor by its implementation and consummation of its Plan, other than capital gain tax and ordinary income tax.

Debtor's attorneys, not being versed in tax matters, have given no advice to Debtor concerning neither tax matters nor the tax consequences of an Order of Confirmation.

Disclosure Statement-24

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SPOKANE, WASHINGTON 99201
TELEPHONE (509) 624-0159

Any capital gain taxes created by the sale of any property or post-petition taxes owed by the Estate due the United States of America, Internal Revenue Service shall be paid as a Class 1 claim. Any taxes accruing post-petition by the Debtor or the Estate due the United States of America, Internal Revenue Service shall be timely paid, and all post-petition tax returns due by the Debtor or the Estate to the United States of America, Internal Revenue Service shall be timely filed. The Debtor or the Estate will provide updates of any sales that have occurred and the associated tax consequences with its timely quarterly estimates, and all tax returns to the Insolvency Section, IRS, 920 W. Riverside, Room 440, MS 791-S, Spokane WA 99201.

XI.
CONFIRMATION OF PLAN

In the event the Plan is not accepted by Creditors, Debtor shall still request the Court to enter an Order of Confirmation. To obtain such an Order, Debtor must establish to the satisfaction of the Court that the Plan meets the requirements of the Code and that it does not discriminate unfairly, and is fair and equitable, with respect to each class of Claims and interests that is impaired under, and has not accepted, the Plan.

///

XII.
DISCHARGE

Except as otherwise provided by the Plan, all Claims against the Debtor or the Estate which arose prior to Confirmation will be discharged as is set forth hereinafter, whether the Claims accrued before or after the Petition Date, provided the claim holder received proper notice. Creditors will, however, retain the power to enforce the rights given to them, if any, by Plan. The discharge will be effective as to each Claim, regardless of whether a proof of claim was filed, whether the Claim was allowed, or whether the holder(s) of the Claim voted for or against the Plan.

Except to the extent provided for by the Plan, the estate will retain and may enforce any and all Claims held against third parties, including Claims for recovery of preferences.

XIII.
CLOSURE OF CASE

Article XXII of Debtor's Plan contains a "substantial consummation" provision. Generally once a Plan is deemed substantially consummated, it may be closed by the Court. Upon Debtor's application, a final decree will be entered closing the case. However, this does not prevent Creditors from enforcing the rights given to them by Debtor's Plan in the appropriate Court. Further, pursuant to present Local Rule 3022-1(a)(3), the case cannot be closed until those events specified in XII above occur. If a

Disclosure Statement-25

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1 final account has not been filed within sixty (60) days following the confirmation of the
2 Plan, a final decree may be entered and the case closed, unless a party in interest has
3 filed a written objection.

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XIV.
MANAGEMENT COMPENSATION

Steven Baldwin shall continue to manage Debtor's Business (Art. II, def. #16) post-Confirmation Date. To the extent the business is operated to carry out the Plan provisions, the income Debtor receives from the business operations, shall be Debtor's and shall be used to pay or assist in the payment of the installments provided by Debtor's Plan to be paid. Except as set forth in the Notice to Creditors to Pay Wage/Salary to Insider filed with the Court, Debtor shall not pay any other salary or wage to an "insider" in any other amount unless prior notice to creditors is given by Debtor. The notice shall state the amount proposed to be paid, the services to be performed and the payment/salary history.

XV.
OBJECTIONS TO CLAIMS

Debtor has not specifically identified any claims, whether scheduled and/or filed, to which objections are planned by the Debtor unless set forth and addressed in this Article. Claims to which objections shall be filed or have been filed are as follows:

1. Any claim of Class 9 (Babudro) in any amount; and
2. Any Allowed Secured Claim of Class 9 (Babudro) in any amount even though it may hold an Allowed Claim.

XVI.
TRANSACTIONS WITH INSIDERS

Debtor has not had any specific transactions with "insiders" in the last four (4) years, except as set forth in Debtor's Bankruptcy Schedules or identified herein or hereinafter. Debtor does not know if any events with or including "insiders" are deemed relevant.

XVII.
ADDITIONAL PROVISIONS

In addition to the summary of the Plan set forth in this Disclosure Statement, the Plan contains provisions concerning duties and responsibilities of the Debtor and its Creditors concerning changes of address, modifications of the Plan and jurisdiction of the Bankruptcy Court. Furthermore, the Plan specifically addresses issues concerning the treatment of executory contracts, the prohibition against assessing penalties or penalty

Disclosure Statement-26

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1 interest, the recoverability of attorneys' fees, the retention, creation, or removal of liens,
2 encumbrances, or security interests, and other important areas which should be reviewed
3 by you.

4 XVIII.
5 CONCLUSION

6 The foregoing is a brief summary of the highlights of the Plan of Reorganization, as
7 well as containing information concerning the Debtor. This Disclosure Statement should
8 not be the only document relied upon for voting purposes. Creditors are urged to read the
9 Plan in full. Creditors are further urged to consult with counsel to fully understand the
10 Plan. The Plan, although relatively simple in form, is based on complex law and an
11 intelligent judgment concerning such Plan probably cannot be made without
12 understanding the bankruptcy law.

13 DATED this 22nd day of MAY, 2018.

14 SPOKANE COIN EXCHANGE, INC.

15 BY: 
16 STEVEN BALDWIN, President

17 VERIFICATION

18 STEVEN BALDWIN, President, states under penalty of perjury of the laws of the
19 State of Washington, that he has read the foregoing, understands the contents and
20 believes it to be true to the best of his knowledge and information.

21 
22 STEVEN BALDWIN, President

23 PRESENTED BY:

24 SOUTHWELL & O'ROURKE, P.S.

25 BY: /s/ Kevin O'Rourke
KEVIN O'ROURKE, WSBA #28912
Attorney for Debtor

Disclosure Statement-27

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1 SOUTHWELL & O'ROURKE, P.S.

2 BY: /s/ Dan O'Rourke
3 DAN O'ROURKE, WSBA #4911
4 Attorney for Debtor
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Disclosure Statement-28

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FILED

MAR 08 2016

Timothy W. Fitzgerald
SPOKANE COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF SPOKANE

SUSAN BABUDRO, an individual,

Plaintiff,

vs.

SPOKANE COIN EXCHANGE, INC., a
Washington corporation; STEVEN and
JANE DOE BALDWIN, a married couple,
and the marital community thereof; and
ZOYDAN GAMES, INC.

Defendants.

NO. 15-2-04782-0

ORDER FOR WRIT OF
ATTACHMENT

~~[Clerk's action required]~~

THIS MATTER having come before the court on Plaintiff's Motion for Writ of
Attachment against Defendants and having heard oral argument from the following:

1. Evan C. Schneider on behalf of Plaintiff; and
2. Steven O. Anderson/Hailey L. Landrus on behalf of Defendants.

The Court also considered the records and pleadings filed in this matter, including:

1. Plaintiff's Motion for Writ of Attachment
2. Plaintiff's Memorandum in Support of Motion for Writ of Attachment;
3. Declaration of Susan Babudro;
4. Declaration of Steven Baldwin in Opposition of Plaintiff's Motion;
5. Supplemental Declaration of Steven Baldwin in Opposition of Plaintiff's
Motion;

ORDER FOR WRIT
OF ATTACHMENT - 1

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(F) 509.275.5546

EXHIBIT 1



ORIGINAL

6. Declaration of Kevin Roberts;
7. Plaintiff's Reply; and
8. Declaration of Susan Babudro in Support of Plaintiff's Reply.

ORDER

It is hereby ORDERED, ADJUDGED, AND DECREED that Plaintiff's Motion for Writ of Attachment against Defendants is hereby GRANTED as set additionally set forth below:

1. ~~The Clerk of the Court is directed to issue a Writ of Attachment against Defendants;~~

2. Defendants are ordered to provide to Plaintiff:

- a. ☐ the following personal property, which is to be subject to this writ:

- b. ☒ in writing and under oath, the location and inventory of art ~~subject to this writ~~ ^{order} by no later than the 22nd of March, 2016; ^{*}

3. Defendants are ordered to provide ten (10) days prior written notice to Plaintiff's counsel prior to moving, selling, or affecting in any way any property subject to this ~~writ~~ ^{order}, for the purpose of Plaintiff's inspection;
4. ~~A copy of the Writ of Attachment is attached as Exhibit A;~~ and

**equivalent to the approximate value of \$162,000.*

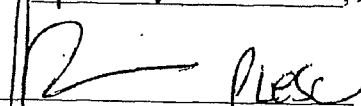
ORDER FOR WRIT
OF ATTACHMENT - 2

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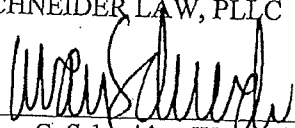
1 5. It is further ordered: Defendant shall be allowed to sell
 2 or exchange items subject to this order provided that he
 3 first provides ten (10) days prior written notice to
 4 Plaintiff at the same and includes new substitute items
 5 which will be then subject to this order.
 6

7 The Court's oral findings are also hereby
 8 incorporated.
 9


10
 11 DONE IN OPEN COURT this 8 day of March, 2016.

12
 13
 14 
 15 JUDGE/COURT COMMISSIONER

16
 17
 18 Presented by:
 19 SCHNEIDER LAW, PLLC

20 
 21
 22 Evan C. Schneider, WSBA #41920
 23 Attorney for Plaintiff Susan Babudro

24 Approved for Entry:
 25 STAMPER RUBENS, PS.

26 
 27 HAYLEY L. LANDRUS, WSBA #37432
 28 Attorney for Defendants
 29 Baldern and Spokane
 30 Coin Exchange
 31
 32

ORDER FOR WRIT
 OF ATTACHMENT - 3

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COPY
ORIGINAL FILED

APR 27 2016

SPOKANE COUNTY CLERK

conformed
COPY

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE SPOKANE COUNTY

SUSAN BABUDRO, an individual,

Plaintiff,

vs.

SPOKANE COIN EXCHANGE, INC., a
Washington corporation; STEVEN and JANE
DOE BALDWIN, a married couple, and the
marital community thereof; ZOYDAN GAMES,
INC.,

Defendants.

Case No.: 15-2-04782-0

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF

Plaintiff, Susan Babudro, by and through her current attorney of record, Schneider
Law, PLLC, alleges:

PARTIES AND JURISDICTION

1. Ms. Susan Babudro ("Babudro") is and at all times relevant to this action was
a resident of Edison, New Jersey.

2. Spokane Coin Exchanges, Inc. ("Spokane Coin") is a Washington
corporation that conducts business in Spokane County, Washington.

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - I

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EXHIBIT 2

ORIGINAL

1 3. Zoydan Games, Inc. ("Zoydan") is a Washington corporation that conducts
2 business in Spokane County, Washington.

3 4. Steven Baldwin ("Baldwin") is believes to be a married individual that
4 resides in Spokane County, Washington. All actions alleges to be taken by Baldwin were
5 for the benefit of his marital community and Jane Doe Baldwin.

6 5. On information and belief, Baldwin was married during the time that the
7 actions alleged below were taken. The marital community benefitted from Baldwin's
8 actions.

9 6. Jurisdiction and venue are proper with this Court.

10 RELEVANT FACTS

11 7. In November 2007, Baldwin, the owner of Spokane Coin, purported to sell
12 Babudro 3250 ounces of "sunshine rounds" (silver) for \$53,917.50 along with \$30,176 in
13 gold and was invoiced by Baldwin (Invoice # 394182). Babudro wired Baldwin and
14 Spokane Coin the funds. She was sent the gold and subsequently sold it. She then directed
15 that the silver also be shipped to her home in New Jersey.

16 8. Baldwin convinced Babudro that she should not take possession of the silver
17 and that instead she should allow him to "store" it in his vault. Baldwin provided what he
18 described as a "silver lease" agreement. A copy of the Agreement is attached as Exhibit A.

19 9. Babudro made additional "purchases" of gold and silver from Spokane Coin.
20 In total, Babudro provided approximately \$490,464.50 to Spokane Coin pursuant to
21 invoices. This included 1,600 oz. of silver rounds on or about August 19, 2009 for \$24,800;
22 60 oz. of gold for \$98,940.00; 10,000 oz. of silver for \$306,800.00 in December 2011; and
23 244 oz. of silver for \$5,900.00 in September of 2013.

24 10. In total, Babudro was duped into giving Baldwin and Spokane Coin
25 approximately \$523,629.08 to allegedly purchase silver and gold. Baldwin and Spokane
26 Coin did not actually transfer the gold or silver to Ms. Babudro, nor did it store the purchased
27 amount of silver and gold in its vault for her.
28

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 2

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1 11. Between 2009 and 2015, there was a time when the market prices for silver
2 and gold peaked. At that time, Babudro told Baldwin that she wished to sell the gold and
3 silver that she has allegedly purchased.

4 12. Baldwin was adamant that she should not sell. When Babudro suggested she
5 was thinking about coming to Spokane to see her silver and gold, Baldwin discouraged her
6 from doing so. Babudro still believed that Baldwin was storing the silver and gold she had
7 allegedly bought.

8 13. In February of 2015, Babudro decided to purchase a new home. She entered
9 into an agreement for the purchase and directed Baldwin to have Spokane Coin sell the silver
10 and gold that she had allegedly purchased, which was supposed to be stored in the Spokane
11 Coin vault.

12 14. Despite numerous requests and directives, Baldwin and Spokane Coin
13 refused to sell the gold and silver it supposedly sold to Ms. Babudro.

14 15. By July 2015, because of Baldwin and Spokane Coin, Babudro had to back
15 out of the purchase of the house and lost the opportunity to purchase it.

16 16. Babudro discovered that Baldwin discovered that Baldwin had not in fact
17 sold her silver and gold and instead was using her money as part of a Ponzi scheme. Baldwin
18 and Spokane Coin admitted using the funds Babudro had been fraudulently induced into
19 sending them to purchase "art." Baldwin stated, "when the opportunity presented itself, I
20 went for it." Baldwin also admitted that he did not have the silver and gold he claimed to
21 have sold to Ms. Babudro in his vault. Instead, "it was sold and out the door."

22 17. Baldwin provided Babudro a portion of her funds back, but has not and
23 refuses to fully compensate her.

24 18. Baldwin did not disclose to Ms. Babudro that he had pled guilty in the past
25 to mail fraud and as a condition of his probation was the make restitution to "defrauded
26 investors." It is believed that during the time period was fraudulently inducing Babudro to
27 send him money, he was still making restitution payments to prior victims.
28

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 3

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1 19. Baldwin's prior criminal conduct included misrepresenting that there was
2 bullion purchased for investors and stored on premises. This is the same type of
3 misrepresentation he made to Babudro.

4 20. Baldwin also fraudulently induced and coerced Babudro to provide him an
5 additional \$100,000.00 to purchase stock in Zoydan in a "pre-private offering transaction."
6 It is believed that the representations made to Ms. Babudro about Zoydan were false and
7 violated the securities act. This includes, but is not limited to, failing to confirm that she
8 was an "accredited investor," claiming that Zoydan would soon be approved by the SEC and
9 traded on the public exchange and failing to identify that any such shares would represent
10 restricted stock.

11 **FIRST CAUSE OF ACTION**
12 **(Consumer Protection Act)**

13 21. Plaintiff Babudro incorporates by reference all the allegations set forth above
14 as if fully set forth herein.

15 22. Baldwin, Spokane Coin, and Zoydan all engaged in unfair and deceptive acts
16 or practices.

17 23. The acts occurred in trade or commerce, impacted public interest and caused
18 injury to Plaintiff Babudro in her business or property.

19 24. As a direct result of Defendants' action, Plaintiff Babudro has suffered
20 damages in an amount that will be proven at trial along with attorney fees, costs, interest,
21 and is entitled to treble damages as allowed by law.

22 **SECOND CAUSE OF ACTION**
23 **(Fraud)**

24 25. Plaintiff Babudro incorporates by reference all the allegations set forth above
25 as if fully set forth herein.

26 26. Baldwin and Spokane Coin made misrepresentations of existing material fact
27 including that Ms. Babudro had purchased silver and gold, that the silver and gold was being
28

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 4

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1 stored in the vault, that silver and gold had been sold to purchase other silver and gold, that
2 Baldwin and Spokane Coin actually had in its possession silver and gold that had been sold
3 to Babudro and other false statements intended to induce Babudro into providing funds to
4 Baldwin and Spokane Coin.

5 27. Zoydan also made the misrepresentations set for above with regard to Zoydan
6 in order to induce Babudro to provide him with \$100,000.00.

7 28. The representations were material, were false, Baldwin and Spokane Coin
8 knew they were false, Baldwin and Spokane Coin intended Plaintiff Babudro to act on the
9 false statements, Plaintiff Babudro was unaware of the falsity, and relied on the false
10 statements. Plaintiff had the right to rely on the statements and suffered damages as a result.

11 29. Zoydan, Baldwin, and Spokane Coin, also committed fraud by omitting key
12 facts in order to induce Ms. Babudro into sending them money.

13 30. As a direct result of the fraud committed by Zoydan, Baldwin, and Spokane
14 Coin, Plaintiff Babudro has suffered damages in such an amount as will be proven at trial.
15 In addition, because she was fraudulently induced by Baldwin, Ms. Babudro is entitled to
16 rescission of all agreements and the return of her funds.

17 **THIRD CAUSE OF ACTION**
18 **(RCW 21.20.010, RCW 21.20.020, and RCW 21.20.030 –**
19 **Violations of Washington Securities Act)**

20 31. Plaintiff Babudro incorporates by reference all the allegations set forth above
21 as if fully set forth herein.

22 32. The above-referenced facts and material misrepresentations and omissions by
23 Baldwin, Spokane Coin, and Zoydan, also constitute violations of the Securities Act of
24 Washington.

25 33. Plaintiff was harmed as a direct result of those material misrepresentations
26 and omissions committed by Baldwin, Spokane Coin, and Zoydan, and Babudro has suffered
27 actual damages in such an amount as will be proven at trial.

28

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 5

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1 **FOURTH CAUSE OF ACTION**
2 **(Breach of Contract – Rescission)**

3 34. Plaintiff Babudro incorporates by reference all the allegations set forth above
4 as if fully set forth herein.

5 35. Defendants have materially breached the terms and conditions of the
6 agreements reached with Babudro. Babudro entered into an agreement with Defendants
7 based upon mistake and as a result of fraudulent inducement. As a result, she is entitled to
8 rescission of the agreements.

9 36. As a direct result of Defendants' breached, Babudro has suffered damages in
10 an amount that will be proven at trial.

11 **FIFTH CAUSE OF ACTION**
12 **(RCW 9A.82.100 – Criminal Profiteering)**

13 37. Plaintiff Babudro incorporates by reference all the allegations set forth above
14 as if fully set forth herein.

15 38. Plaintiff sustained injury by an act of criminal profiteering by Defendants that
16 constitutes an offense under RCW 9A.82.080.

17 39. As a result, Babudro is entitled to recover damages in an amount that will be
18 proven at trial along with reasonable investigative fees and attorney fees and costs.

19 **SIXTH CAUSE OF ACTION**
20 **(Conversion)**

21 40. Plaintiff Babudro incorporates by reference all the allegations set forth above
22 as if fully set forth herein.

23 41. Defendants converted personal property and funds belonging to Ms. Babudro
24 for their own use.

25 42. As a direct result, Babudro has suffered damages in such amount as will be
26 proven at trial.
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AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 6

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SEVENTH CAUSE OF ACTION
(Temporary Restraining Order/Pre-Judgment Writ of Attachment)

43. Plaintiff Babudro incorporates by reference all the allegations set forth above as if fully set forth herein.

44. Babudro's funds have been used to acquire certain assets.

45. Babudro seeks a Pre-Judgment Writ of Attachment to insure that assets are not transferred or disposed of.

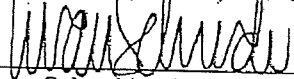
PRAYER FOR RELIEF

WHEREFORE, Plaintiff Susan Babudro prays for the following relief against Defendants as follows:

1. For judgment against defendants for damages to Plaintiff in such amount as may be proven at trial;
2. For rescission of all agreements with Defendants and judgment for the amounts she provided along with pre-judgment interest;
3. For judgment against Defendant for pre-judgment interest, costs, and attorney fees as may be provided by law;
4. For exemplary damages as allowed by Washington Law;
5. For a Pre-Judgment Writ of Attachment; and
6. For such other relief the Court deems just and equitable.

DATED this 20th day of April, 2016.

SCHNEIDER LAW, PLLC


Evan Schneider, WSBA #41920
Attorney for Sue Babudro
421 W. Riverside Ave., Suite 614
Spokane, WA 99201
P: (509) 795-1907
F: (509) 275-5546

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 7

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Fill in this information to identify the case:

Debtor 1 SPOKANE COIN EXCHANGE INC

Debtor 2
(Spouse, if filing) _____

United States Bankruptcy Court for the: EASTERN District of WASHINGTON
(State)

Case number 18-00826-FPC11

Official Form 410
Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?	<u>Department of the Treasury - Internal Revenue Service</u> Name of the current creditor (the person or entity to be paid for this claim) Other names the creditor used with the debtor _____	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent? <u>Internal Revenue Service</u> Name <u>P.O. Box 7346</u> Number Street <u>Philadelphia PA 19101-7346</u> City State ZIP Code Contact phone <u>1-800-973-0424</u> Contact email _____ Creditor Number: <u>3967754</u> Uniform claim identifier for electronic payments in chapter 13 (if you use one) _____	Where should payments to the creditor be sent? (if different) <u>Internal Revenue Service</u> Name <u>110 CITY PARKWAY M/S 5028 LVG</u> Number Street <u>LAS VEGAS NV 89106</u> City State ZIP Code Contact phone <u>(702) 868-5053</u> Contact email _____
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on: _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

EXHIBIT 3

18-00826-FPC11 Claim 1 Filed 04/02/18 Pg 1 of 5

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: <u>See Attachment</u>
7. How much is the claim?	<u>\$ 2,668.56</u> Does this amount include interest or other charges? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. Taxes _____
9. Is all or part of the claim secured?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input type="checkbox"/> Real Estate. If the claim is secured by the debtor's principal residence, file a Mortgage Proof of Claim Attachment (Official Form 410-A) with this Proof of Claim. <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other. Describe: _____ Basis for perfection: Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of Property: \$ _____ Amount of the claim that is secured: \$ _____ Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ _____ Annual Interest Rate (when case was filed) % _____ <input type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Identify the property <u>See Attachment</u>

12. Is all or part of the claim entitled to priority under 11 U.S.C. §507(a)? ☐ No ☒ Yes. Check all that apply:

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

	Amount entitled to priority
<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	\$ _____
<input type="checkbox"/> Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).	\$ _____
<input type="checkbox"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).	\$ _____
<input checked="" type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).	\$ <u>1,980.24</u>
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).	\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.	\$ _____

*Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

- ☒ I am the creditor.
- ☐ I am the creditor's attorney or authorized agent.
- ☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- ☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this Proof of Claim and have a reasonable belief that the Information is true and correct.

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

Executed on date 03/30/2018
MM/DD/YYYY

/s/ MARY SEVILLA
(Signature)

Print the name of the person who is completing and signing this claim:

Name MARY SEVILLA
First name Middle name Last name

Title Bankruptcy Specialist

Company Internal Revenue Service
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 110 CITY PARKWAY M/S 5028 LVG
Number Street

LAS VEGAS NV 89108
City State ZIP Code

Contact Phone (702) 868-5053 Email: _____

Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410
Attachment

In the Matter of: SPOKANE COIN EXCHANGE INC
108 N WASHINGTON STE 102
SPOKANE, WA 99201

Case Number	18-00826-FPC11
Type of Bankruptcy Case	CHAPTER 11
Date of Petition	03/28/2018

The United States has not identified a right of setoff or counterclaim. However, this determination is based on available data and is not intended to waive any right to setoff against this claim debts owed to this debtor by this or any other federal agency. All rights of setoff are preserved and will be asserted to the extent lawful.

Unsecured Priority Claims under section 507(a)(8) of the Bankruptcy Code

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Interest to Petition Date
XX-XXX7850	WT-FICA	03/30/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	06/30/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	09/30/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	12/31/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2015	2 Unassessed-No Return	\$121.87	\$0.00
XX-XXX7850	WT-FICA	03/31/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	06/30/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	12/31/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2016	2 Unassessed-No Return	\$117.29	\$0.00
XX-XXX7850	WT-FICA	03/31/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	06/30/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	09/30/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	12/31/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2017	2 Unassessed-No Return	\$112.69	\$0.00
XX-XXX7850	WT-FICA	03/31/2018	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2018	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2018	2 Unassessed-No Return	\$28.39	\$0.00
				\$1,980.24	\$0.00

Total Amount of Unsecured Priority Claims:

\$1,980.24

Unsecured General Claims

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Interest to Petition Date
XX-XXX7850	WT-FICA	12/31/2012	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2012	2 Unassessed-No Return	\$133.34	\$0.00
XX-XXX7850	WT-FICA	12/31/2013	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2013	2 Unassessed-No Return	\$129.40	\$0.00
				\$100.00	\$0.00

THE ABOVE LIABILITY HAS BEEN LISTED AS A POTENTIAL LIABILITY FOR THE DEBTOR BECAUSE THE RETURN HAS NOT BEEN FILED. AS SOON AS THE DEBTOR FILES THE RETURN WITH THE IRS AS REQUIRED BY LAW, THIS CLAIM WILL BE ADJUSTED TO REFLECT THE ASSESSED LIABILITY.

2 UNASSESSED TAX LIABILITY(IES) HAVE BEEN LISTED ON THIS CLAIM BECAUSE OUR RECORDS SHOW NO RETURN(S) FILED. WHEN THE DEBTOR(S) FILES THE RETURN OR PROVIDES OTHER INFORMATION AS REQUIRED BY LAW THE CLAIM WILL BE AMENDED.

Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410
Attachment

In the Matter of: SPOKANE COIN EXCHANGE INC
108 N WASHINGTON STE 102
SPOKANE, WA 99201

Case Number

18-00826-FPC11

Type of Bankruptcy Case
CHAPTER 11

Date of Petition

03/28/2018

Unsecured General Claims (Continued from Page 1)

<i>Taxpayer ID Number</i>	<i>Kind of Tax</i>	<i>Tax Period</i>	<i>Date Tax Assessed</i>	<i>Tax Due</i>	<i>Interest to Petition Date</i>
XX-XXX7850	FUTA	12/31/2014	2 Unassessed-No Return	\$125.58	\$0.00
				\$688.32	\$0.00

Total Amount of Unsecured General Claims:

\$688.32

2 UNASSESSED TAX LIABILITY(IES) HAVE BEEN LISTED ON THIS CLAIM BECAUSE OUR RECORDS SHOW NO RETURN(S) FILED. WHEN THE DEBTOR(S) FILES THE RETURN OR PROVIDES OTHER INFORMATION AS REQUIRED BY LAW THE CLAIM WILL BE AMENDED

FILED

MAR 08 2016

Timothy W. Fitzgerald
SPOKANE COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF SPOKANE

SUSAN BABUDRO, an individual,

Plaintiff,

vs.

SPOKANE COIN EXCHANGE, INC., a
Washington corporation; STEVEN and
JANE DOE BALDWIN, a married couple,
and the marital community thereof; and
ZOYDAN GAMES, INC.

Defendants.

NO. 15-2-04782-0

ORDER FOR WRIT OF
ATTACHMENT

~~[Clerk's action required]~~

THIS MATTER having come before the court on Plaintiff's Motion for Writ of
Attachment against Defendants and having heard oral argument from the following:

1. Evan C. Schneider on behalf of Plaintiff; and
2. Steven O. Anderson/Hailey L. Landrus on behalf of Defendants.

The Court also considered the records and pleadings filed in this matter, including:

1. Plaintiff's Motion for Writ of Attachment
2. Plaintiff's Memorandum in Support of Motion for Writ of Attachment;
3. Declaration of Susan Babudro;
4. Declaration of Steven Baldwin in Opposition of Plaintiff's Motion;
5. Supplemental Declaration of Steven Baldwin in Opposition of Plaintiff's
Motion;

ORDER FOR WRIT
OF ATTACHMENT - 1

SCHNEIDER LAW

P.O. Box 232
Spokane, WA 99210
(P) 509.795.1907
(F) 509.275.5546

ORIGINAL

6. Declaration of Kevin Roberts;
7. Plaintiff's Reply; and
8. Declaration of Susan Babudro in Support of Plaintiff's Reply.

ORDER

It is hereby ORDERED, ADJUDGED, AND DECREED that Plaintiff's Motion for Writ of Attachment against Defendants is hereby GRANTED as set additionally set forth below:

1. ~~The Clerk of the Court is directed to issue a Writ of Attachment against Defendants;~~
2. Defendants are ordered to provide to Plaintiff:
 - a. ☐ the following personal property, which is to be subject to this writ:

; or

- b. ☒ in writing and under oath, the location and inventory of art* subject to this ~~writ~~ ^{order} by no later than the 22nd of March, 2016;

3. Defendants are ordered to provide ten (10) days prior written notice to Plaintiff's counsel prior to moving, selling, or affecting in any way any property subject to this ~~writ~~ ^{order} for the purpose of Plaintiff's inspection;
4. ~~A copy of the Writ of Attachment is attached as Exhibit A;~~ and

*equivalent to the approximate value of \$162,000.

ORDER FOR WRIT
OF ATTACHMENT - 2

SCHNEIDER LAW

P.O. Box 232
Spokane, WA 99210
(P) 509.795.1907
(F) 509.275.5546

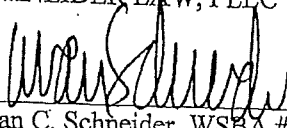
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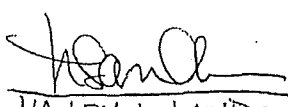
5. It is further ordered: Defendant shall be allowed to sell or exchange Hemi subject to this order provided that he first provides ten (10) days prior written notice to Plaintiff of the same and includes new substitute Hemi which will be then subject to this order.

The Court's oral findings are also hereby incorporated.

DONE IN OPEN COURT this 6 day of March, 2016.


JUDGE/COURT COMMISSIONER

Presented by:
SCHNEIDER LAW, PLLC

Evan C. Schneider, WSBA #41920
Attorney for Plaintiff Susan Babudro

Approved for Entry:
STAMPER RUBENS, P.S.

HAILEY L. LANDRUS, WSBA #39432
Attorney for Defendants
Baldwin and Spokane
Coin Exchange

ORDER FOR WRIT
OF ATTACHMENT - 3

SCHNEIDER LAW
P.O. Box 232
Spokane, WA 99210
(P) 509.795.1907
(F) 509.275.5546

COPY
ORIGINAL FILED

APR 27 2016

SPOKANE COUNTY CLERK



conformed
COPY

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE SPOKANE COUNTY

SUSAN BABUDRO, an individual,

Plaintiff,

vs.

SPOKANE COIN EXCHANGE, INC., a
Washington corporation; STEVEN and JANE
DOE BALDWIN, a married couple, and the
marital community thereof; ZOYDAN GAMES,
INC.,

Defendants.

Case No.: 15-2-04782-0

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF

Plaintiff, Susan Babudro, by and through her current attorney of record, Schneider
Law, PLLC, alleges:

PARTIES AND JURISDICTION

1. Ms. Susan Babudro ("Babudro") is and at all times relevant to this action was
a resident of Edison, New Jersey.

2. Spokane Coin Exchanges, Inc. ("Spokane Coin") is a Washington
corporation that conducts business in Spokane County, Washington.

AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - I

SCHNEIDER LAW

P.O. Box 232
Spokane, WA 99210
(P) 509.795.1907
(F) 509.275.5546



ORIGINAL



#2

1 11. Between 2009 and 2015, there was a time when the market prices for silver
2 and gold peaked. At that time, Babudro told Baldwin that she wished to sell the gold and
3 silver that she has allegedly purchased.

4 12. Baldwin was adamant that she should not sell. When Babudro suggested she
5 was thinking about coming to Spokane to see her silver and gold, Baldwin discouraged her
6 from doing so. Babudro still believed that Baldwin was storing the silver and gold she had
7 allegedly bought.

8 13. In February of 2015, Babudro decided to purchase a new home. She entered
9 into an agreement for the purchase and directed Baldwin to have Spokane Coin sell the silver
10 and gold that she had allegedly purchased, which was supposed to be stored in the Spokane
11 Coin vault.

12 14. Despite numerous requests and directives, Baldwin and Spokane Coin
13 refused to sell the gold and silver it supposedly sold to Ms. Babudro.

14 15. By July 2015, because of Baldwin and Spokane Coin, Babudro had to back
15 out of the purchase of the house and lost the opportunity to purchase it.

16 16. Babudro discovered that Baldwin discovered that Baldwin had not in fact
17 sold her silver and gold and instead was using her money as part of a Ponzi scheme. Baldwin
18 and Spokane Coin admitted using the funds Babudro had been fraudulently induced into
19 sending them to purchase "art." Baldwin stated, "when the opportunity presented itself, I
20 went for it." Baldwin also admitted that he did not have the silver and gold he claimed to
21 have sold to Ms. Babudro in his vault. Instead, "it was sold and out the door."

22 17. Baldwin provided Babudro a portion of her funds back, but has not and
23 refuses to fully compensate her.

24 18. Baldwin did not disclose to Ms. Babudro that he had pled guilty in the past
25 to mail fraud and as a condition of his probation was the make restitution to "defrauded
26 investors." It is believed that during the time period was fraudulently inducing Babudro to
27 send him money, he was still making restitution payments to prior victims.

1 19. Baldwin's prior criminal conduct included misrepresenting that there was
2 bullion purchased for investors and stored on premises. This is the same type of
3 misrepresentation he made to Babudro.

4 20. Baldwin also fraudulently induced and coerced Babudro to provide him an
5 additional \$100,000.00 to purchase stock in Zoydan in a "pre-private offering transaction."
6 It is believed that the representations made to Ms. Babudro about Zoydan were false and
7 violated the securities act. This includes, but is not limited to, failing to confirm that she
8 was an "accredited investor," claiming that Zoydan would soon be approved by the SEC and
9 traded on the public exchange and failing to identify that any such shares would represent
10 restricted stock.

11 **FIRST CAUSE OF ACTION**
12 **(Consumer Protection Act)**

13 21. Plaintiff Babudro incorporates by reference all the allegations set forth above
14 as if fully set forth herein.

15 22. Baldwin, Spokane Coin, and Zoydan all engaged in unfair and deceptive acts
16 or practices.

17 23. The acts occurred in trade or commerce, impacted public interest and caused
18 injury to Plaintiff Babudro in her business or property.

19 24. As a direct result of Defendants' action, Plaintiff Babudro has suffered
20 damages in an amount that will be proven at trial along with attorney fees, costs, interest,
21 and is entitled to treble damages as allowed by law.

22 **SECOND CAUSE OF ACTION**
23 **(Fraud)**

24 25. Plaintiff Babudro incorporates by reference all the allegations set forth above
25 as if fully set forth herein.

26 26. Baldwin and Spokane Coin made misrepresentations of existing material fact
27 including that Ms. Babudro had purchased silver and gold, that the silver and gold was being
28

1 stored in the vault, that silver and gold had been sold to purchase other silver and gold, that
2 Baldwin and Spokane Coin actually had in its possession silver and gold that had been sold
3 to Babudro and other false statements intended to induce Babudro into providing funds to
4 Baldwin and Spokane Coin.

5 27. Zoydan also made the misrepresentations set for above with regard to Zoydan
6 in order to induce Babudro to provide him with \$100,000.00.

7 28. The representations were material, were false, Baldwin and Spokane Coin
8 knew they were false, Baldwin and Spokane Coin intended Plaintiff Babudro to act on the
9 false statements, Plaintiff Babudro was unaware of the falsity, and relied on the false
10 statements. Plaintiff had the right to rely on the statements and suffered damages as a result.

11 29. Zoydan, Baldwin, and Spokane Coin, also committed fraud by omitting key
12 facts in order to induce Ms. Babudro into sending them money.

13 30. As a direct result of the fraud committed by Zoydan, Baldwin, and Spokane
14 Coin, Plaintiff Babudro has suffered damages in such an amount as will be proven at trial.
15 In addition, because she was fraudulently induced by Baldwin, Ms. Babudro is entitled to
16 rescission of all agreements and the return of her funds.

17 **THIRD CAUSE OF ACTION**
18 **(RCW 21.20.010, RCW 21.20.020, and RCW 21.20.030 –**
19 **Violations of Washington Securities Act)**

20 31. Plaintiff Babudro incorporates by reference all the allegations set forth above
21 as if fully set forth herein.

22 32. The above-referenced facts and material misrepresentations and omissions by
23 Baldwin, Spokane Coin, and Zoydan, also constitute violations of the Securities Act of
24 Washington.

25 33. Plaintiff was harmed as a direct result of those material misrepresentations
26 and omissions committed by Baldwin, Spokane Coin, and Zoydan, and Babudro has suffered
27 actual damages in such an amount as will be proven at trial.

28
AMENDED COMPLAINT FOR
DAMAGES AND INJUNCTIVE
RELIEF - 5

SCHNEIDER LAW
P.O. Box 232
Spokane, WA 99210
(P) 509.795.1907
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FOURTH CAUSE OF ACTION
(Breach of Contract – Rescission)

34. Plaintiff Babudro incorporates by reference all the allegations set forth above as if fully set forth herein.

35. Defendants have materially breached the terms and conditions of the agreements reached with Babudro. Babudro entered into an agreement with Defendants based upon mistake and as a result of fraudulent inducement. As a result, she is entitled to rescission of the agreements.

36. As a direct result of Defendants' breached, Babudro has suffered damages in an amount that will be proven at trial.

FIFTH CAUSE OF ACTION
(RCW 9A.82.100 – Criminal Profiteering)

37. Plaintiff Babudro incorporates by reference all the allegations set forth above as if fully set forth herein.

38. Plaintiff sustained injury by an act of criminal profiteering by Defendants that constitutes an offense under RCW 9A.82.080.

39. As a result, Babudro is entitled to recover damages in an amount that will be proven at trial along with reasonable investigative fees and attorney fees and costs.

SIXTH CAUSE OF ACTION
(Conversion)

40. Plaintiff Babudro incorporates by reference all the allegations set forth above as if fully set forth herein.

41. Defendants converted personal property and funds belonging to Ms. Babudro for their own use.

42. As a direct result, Babudro has suffered damages in such amount as will be proven at trial.

Fill in this information to identify the case:

Debtor 1 SPOKANE COIN EXCHANGE INC

Debtor 2
(Spouse, if filing) _____

United States Bankruptcy Court for the: EASTERN District of WASHINGTON
(State)

Case number 18-00826-FPC11

Official Form 410
Proof of Claim

04/16

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?

Department of the Treasury - Internal Revenue Service

Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor _____

2. Has this claim been acquired from someone else?

☒ No

☐ Yes. From whom? _____

3. Where should notices and payments to the creditor be sent?

Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?

Internal Revenue Service

Name

P.O. Box 7346

Number Street

Philadelphia PA 19101-7346
City State ZIP Code

Contact phone 1-800-973-0424

Contact email _____

Creditor Number: 3967754

Uniform claim identifier for electronic payments in chapter 13 (if you use one)

Where should payments to the creditor be sent? (if different)

Internal Revenue Service

Name

110 CITY PARKWAY M/S 5028 LVG

Number Street

LAS VEGAS NV 89106
City State ZIP Code

Contact phone (702) 868-5053

Contact email _____

4. Does this claim amend one already filed?

☒ No

☐ Yes. Claim number on court claims registry (if known) _____

Filed on: _____

MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?

☒ No

☐ Yes. Who made the earlier filing? _____

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: <u>See Attachment</u>
7. How much is the claim?	<u>\$ 2,668.56</u> Does this amount include interest or other charges? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. <u>Taxes</u>
9. Is all or part of the claim secured?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input type="checkbox"/> Real Estate. If the claim is secured by the debtor's principal residence, file a Mortgage Proof of Claim Attachment (Official Form 410-A) with this Proof of Claim. <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other. Describe: _____ Basis for perfection: Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of Property: \$ _____ Amount of the claim that is secured: \$ _____ Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ _____ Annual Interest Rate (when case was filed) _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Identify the property <u>See Attachment</u>

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☐ No

☒ Yes. Check all that apply:

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ Up to \$2,850* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

☐ Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

☒ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

☐ Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

Amount entitled to priority

\$ _____

\$ _____

\$ _____

\$ 1,980.24

\$ _____

\$ _____

*Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it.
FRBP 9011(b):

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☒ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this Proof of Claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this Proof of Claim and have a reasonable belief that the information is true and correct.

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

Executed on date 03/30/2018
MM/DD/YYYY

/s/ MARY SEVILLA
(Signature)

Print the name of the person who is completing and signing this claim:

Name MARY SEVILLA
First name Middle name Last name

Title Bankruptcy Specialist

Company Internal Revenue Service
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 110 CITY PARKWAY M/S 5028 LVG
Number Street

LAS VEGAS NV 89106
City State ZIP Code

Contact Phone (702) 868-5053

Email: _____

Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410
Attachment

In the Matter of: SPOKANE COIN EXCHANGE INC
108 N WASHINGTON STE 102
SPOKANE, WA 99201

Case Number
18-00826-FPC11

Type of Bankruptcy Case
CHAPTER 11

Date of Petition
03/28/2018

The United States has not identified a right of setoff or counterclaim. However, this determination is based on available data and is not intended to waive any right to setoff against this claim debts owed to this debtor by this or any other federal agency. All rights of setoff are preserved and will be asserted to the extent lawful.

Unsecured Priority Claims under section 507(a)(8) of the Bankruptcy Code

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Interest to Petition Date
XX-XXX7850	WT-FICA	03/30/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	06/30/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	09/30/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	12/31/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2015	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2015	2 Unassessed-No Return	\$121.87	\$0.00
XX-XXX7850	WT-FICA	03/31/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	06/30/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	12/31/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2016	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2016	2 Unassessed-No Return	\$117.29	\$0.00
XX-XXX7850	WT-FICA	03/31/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	06/30/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	09/30/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	WT-FICA	12/31/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2017	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2017	2 Unassessed-No Return	\$112.69	\$0.00
XX-XXX7850	WT-FICA	03/31/2018	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	CORP-INC	12/31/2018	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2018	2 Unassessed-No Return	\$28.39	\$0.00
				\$1,980.24	\$0.00

Total Amount of Unsecured Priority Claims:

\$1,980.24

Unsecured General Claims

Taxpayer ID Number	Kind of Tax	Tax Period	Date Tax Assessed	Tax Due	Interest to Petition Date
XX-XXX7850	WT-FICA	12/31/2012	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2012	2 Unassessed-No Return	\$133.34	\$0.00
XX-XXX7850	WT-FICA	12/31/2013	1 NOT FILED	\$100.00	\$0.00
XX-XXX7850	FUTA	12/31/2013	2 Unassessed-No Return	\$129.40	\$0.00
XX-XXX7850	WT-FICA	12/31/2014	1 NOT FILED	\$100.00	\$0.00

THE ABOVE LIABILITY HAS BEEN LISTED AS A POTENTIAL LIABILITY FOR THE DEBTOR BECAUSE THE RETURN HAS NOT BEEN FILED. AS SOON AS THE DEBTOR FILES THE RETURN WITH THE IRS AS REQUIRED BY LAW, THIS CLAIM WILL BE ADJUSTED TO REFLECT THE ASSESSED LIABILITY.

2 UNASSESSED TAX LIABILITY(IES) HAVE BEEN LISTED ON THIS CLAIM BECAUSE OUR RECORDS SHOW NO RETURN(S) FILED. WHEN THE DEBTOR(S) FILES THE RETURN OR PROVIDES OTHER INFORMATION AS REQUIRED BY LAW THE CLAIM WILL BE AMENDED

Proof of Claim for Internal Revenue Taxes

Department of the Treasury/Internal Revenue Service



Form 410
Attachment

In the Matter of: SPOKANE COIN EXCHANGE INC
108 N WASHINGTON STE 102
SPOKANE, WA 99201

Case Number 18-00826-FPC11
Type of Bankruptcy Case CHAPTER 11
Date of Petition 03/28/2018

Unsecured General Claims (Continued from Page 1)

<i>Taxpayer ID Number</i>	<i>Kind of Tax</i>	<i>Tax Period</i>	<i>Date Tax Assessed</i>	<i>Tax Due</i>	<i>Interest to Petition Date</i>
XX-XXX7850	FUTA	12/31/2014	2 Unassessed-No Return	\$125.58	\$0.00
				\$688.32	\$0.00

Total Amount of Unsecured General Claims:

\$688.32

² UNASSESSED TAX LIABILITY(IES) HAVE BEEN LISTED ON THIS CLAIM BECAUSE OUR RECORDS SHOW NO RETURN(S) FILED. WHEN THE DEBTOR(S) FILES THE RETURN OR PROVIDES OTHER INFORMATION AS REQUIRED BY LAW THE CLAIM WILL BE AMENDED

KEVIN O'ROURKE
DAN O'ROURKE
SOUTHWELL & O'ROURKE, P.S.
Attorneys at Law
960 Paulsen Center
W. 421 Riverside Avenue
Spokane, WA 99201
(509) 624-0159

UNITED STATES BANKRUPTCY COURT
IN AND FOR THE EASTERN DISTRICT OF WASHINGTON

In re:

No.: **18-00826-FPC11**

SPOKANE COIN EXCHANGE, INC.,

Chapter 11

Debtor.

PLAN OF REORGANIZATION

Debtor proposes the following Plan of Reorganization:

ARTICLE I
DEFINITIONS

1. "Accountant" shall mean Rachae Bertholf and Roche Accounting & Tax Service, LLC, or any certified public accountant, employed or to be employed by Debtor with prior Court approval.

2. "Administrative Expense" shall mean the claims of Accountant, Special Counsel, and Attorney for Debtor as set forth in Section 503 of the Code.

3. "After Notice and Hearing" means after such notice and such opportunity for a hearing as is appropriate in the particular circumstances. It authorizes an act without an actual hearing if a notice is given properly and if a hearing is not requested timely or if there is insufficient time for a hearing to be held before the act must be done and the Court authorizes the act.

4. "Allowed Claim" shall mean a Claim for which a proof of Claim has been timely filed with the Court within the time fixed by the Court of June 29, 2017, as to which a final order or judgment has been entered allowing said amount or to which no objection to a timely filed proof of Claim being filed or listed without being disputed.

5. "Allowed Secured Claim" shall mean an Allowed Claim secured by a lien, security interest or other charge against or interest in property in which the Debtor has an

Plan of Reorganization-1

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1 interest and which property has a present fair market value in a sufficient amount to pay all
2 superior lien Claims and the Claims.

3 6. "Attachment Lien Claim" shall mean the claim and assertion by Class 9
4 (Babudro) that her unliquidated claim is secured in whole or in part by Debtor's property.
5 Debtor believes this position is based upon an order entered by the Spokane County,
6 State of Washington, Superior Court on March 8, 2016 in that case numbered 15-2-04782-
0 and captioned Susan Babudro, Plaintiff v. Spokane Coin Exchange, Inc., et. al.,
7 Defendants. A copy of the order, captioned "Order for Writ of Attachment" is attached
8 hereto as Exhibit "1".

9 7. "Attorney for Debtor" shall mean Southwell & O'Rourke, P.S., and any
10 additional attorneys or successors as approved by the Court.

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

15 9. "Code" shall mean Title 11 of the United States Code, 11 U.S.C. §101, et.
16 Seq.

17 10. "Collateral of Class 8" shall mean those specific pieces of art representing
18 the security to support and collateralize the Allowed Secured Claim of James McKee, the
19 single member of Class 8. These paintings are a Mola and a Reni, each valued by Debtor
20 at \$30,000.00.

21 11. "Confirmation" shall mean the entry of an order confirming the Plan.

22 12. "Court" shall mean the United States Bankruptcy Court for the Eastern
23 District of Washington.

24 13. "Creditor" or "Creditors" shall mean all persons and/or entities holding
25 Claims of or against the Debtor holding claims for liabilities, demands or claims of any
character whatsoever.

14. "Debtor" or "Debtors" shall mean Spokane Coin Exchange, Inc.

15. "Debtor in Possession" shall mean Debtor, when exercising its rights,
powers, and duties under Section 1107(a) of the Code in the reorganization case.

16. "Debtor's Business" shall mean the retail sale of artwork, coins, bullion,
and related property.

Plan of Reorganization-2

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17. "Disbursing Agent" shall mean Accountant and/or the entity or individual as designated by the Court in the Order of Confirmation, acting in the capacity of the disbursing agent under this Plan, and having such rights, powers, and duties as may be designated in the Plan, the Order of Confirmation, or by final Order of the Court. If a Disbursing Agent is not appointed, Debtor shall be the Disbursing Agent.

18. "Disputed Claim" shall mean a filed or scheduled claim of an alleged Creditor as to which an objection has been filed by a party in interest or which has been scheduled in the Schedule of Liabilities filed pursuant to §521(1) of the Code as disputed, contingent or unliquidated.

19. "Effective Date" shall mean the date on which the Order of Confirmation becomes final and non-appealable.

20. "Estate" and/or "Property of the Estate" shall mean the estate created pursuant to §541 of the Code.

21. "Final Order" shall mean an order or judgment of the Court as to which the time for appeal has expired without a notice of appeal having been filed, or as to which any appeal therefrom has been resolved.

22. "Inventory" shall mean all property of Debtor held for resale, other than "Inventory of Art," including coins, books, jewelry, currency, artifacts, antiques, stamps, and bullion.

23. "Inventory of Art" shall mean miscellaneous art pieces held by Debtor for resale. Generally, these consist of paintings.

24. "Net Proceeds of Liquidation" shall mean gross recovery less the reasonable costs and expenses of any attorneys and experts employed by Debtor.

25. "Net Proceeds of Sale" shall mean gross sales or liquidation proceeds including payments on contract, less the broker or auctioneer commission, if any, approved by the Court or specifically set forth in this Plan, and less the standard, usual, and reasonable costs and expenses at closing, such as consignment and advertising fees. As used herein, the brokers, consignee, or auctioneer's commission shall not exceed twenty percent (20%) of the sales price unless increased After Notice and Hearing. Such modification shall not be deemed an amendment or modification to the Plan. Provided, further, that in the case of an auction, Net Proceeds of Sale shall be that amount further reduced by auction advertising expenses not to exceed three percent (3%) of the gross sales price.

26. "Order of Confirmation" shall mean the Order of the Court confirming the Plan pursuant to §1129 of the Code.

Plan of Reorganization-3

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1 27. "Petition Date" shall mean the date on which Debtor filed its Voluntary
2 Petition for relief in accordance with Chapter 11 of Title 11, United States Code, with the
Court, commencing the reorganization case, namely, March 28, 2018.

3 28. "Plan" shall mean the Plan of Reorganization in its present form, or as it may
4 be amended, modified, or supplemented, filed by Debtor.

5 29. "Professional Persons" shall mean persons, including a trustee, if one is
6 appointed, retained or to be compensated pursuant to Sections 326, 327, 328, 330, and/or
1103 of the Code.

7 30. "Proponent" shall mean Debtor above-named.

8 31. "Pro rata" shall mean that with respect to a distribution to any holder of an
9 Allowed Claim or interest in a given class, the amount of such distribution shall be
10 calculated by multiplying the total amount available for distribution by a factor, the
numerator of which is the whole of said holder's Allowed Claim or interest, and the
11 denominator of which is the aggregate of the Allowed Claims or interest of that class.

12 32. "Reorganization" shall mean the Chapter 11 case pending before the Court
commenced by Debtor, designated case number 18-00826-FPC11.

13 33. "Reorganized Debtor" shall mean, as provided by Section 1141(d) of the
14 Code, the Debtor as revested, following the Effective Date, with all assets that were
15 formerly Property of the Estate.

16 34. "Rules" shall mean United States Bankruptcy Rules, Title 11, United States
Code.

17 35. "Schedules" shall mean the list of assets and liabilities required to be filed
18 pursuant to Section 521 of the Code, and which Debtor has filed, and any amendments
thereto.

19 36. "Secured Claim" shall mean an Allowed Claim that is a secured Claim
20 against the Debtor determined in accordance with §506(a) of the Code.

21 37. "Unclassified Claim" shall mean an Allowed Claim described in Sections
22 507(a)(1), (2) or (7) of the Code.

23 38. "Unsecured Claim" shall mean an Allowed Claim that is not a Secured
24 Claim.

25 Plan of Reorganization-4

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39. "Unsecured Creditors Committee" shall mean the official Unsecured Creditors' Committee appointed pursuant to Order of the Court in the reorganization case. The members are: None

ARTICLE II PURPOSE OF THE PLAN

The purposes of this Plan is to provide a method of orderly payment to priority, secured, undersecured (if any), and unsecured Creditors, recognizing that should certain Secured Creditors foreclose on their security or priority Creditors attach property of Debtor, there would be insufficient Property of the Estate remaining for priority and Unsecured Creditors to satisfy the full amount due them. Another primary purpose is to address and deal with executory contracts and leases and unperfected liens.

Debtor believes the payment and distribution under this Plan will benefit and pay Creditors holding Allowed Claims more than Creditors would receive in a Chapter 7 liquidation. The Disclosure Statement circulated herewith and the Schedules filed with the Court should be reviewed in this regard. The analysis in Article VII of Disclosure Statement should be carefully reviewed.

ARTICLE III CONDITIONS AFFECTING THE PLAN OF REORGANIZATION

This Plan addresses the conditions, facts and circumstances existing on the Petition Date or, when relevant, the facts as they now exist. Debtor believes the secured Creditors or claimants, except to the extent avoided, consist of those herein classified as Classes numbered 4, 5, 6, and 8. The Court will retain jurisdiction to determine the amount and validity of any Claims, secured or otherwise. (See: Article XXX infra.)

Debtor does not, by this Plan, acknowledge or reaffirm any secured debt that is otherwise invalid, avoidable, or unenforceable. Should a Secured Claim be determined, After Notice and Hearing (Art. I, def. #3), to be unsecured, it shall be treated and paid a dividend pro rata with allowed general unsecured claims. Debtor believes the priority Creditors are listed in Classes numbered 1, 2, and 3.

Debtor was not current in its payments and/or obligations to any class of Creditors, or any member of a multi-membered class, on Petition Date, except classes numbered 4, 5, and 6.

ARTICLE IV PLAN OF REORGANIZATION

It is proposed that there will be eleven (11) classes of Creditors. The present members of each class and the approximate amount due and/or claimed by each class on

Plan of Reorganization-5

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the Petition Date are set forth hereinafter, which may not include interest which has been accruing. The Disclosure Statement, which accompanies this Plan, contains a list, description and Debtor's estimate of the value of the security claimed by each of the Secured Claim holders, together with the payment required to be made said classes. The classes are as follows:

Class 1: Expenses of administration pursuant to Section 503 of the Code. Present members are Southwell & O'Rourke, P.S., Debtor's Attorneys, Rachae Bertholf and Roche Accounting & Tax Service, LLC, Debtor's Accountant. Also included for fees and assessments per Title 28 of the United States Code, Chapter 123, is the U.S. Trustee. Amounts due: \$30,000.00+ and \$1,500.00, respectively. To the extent county, state, or federal tax liability is created by the pre-discharge operations of Debtor's Business pursuant to this Plan, other than debt forgiveness or sale of property, the United States of America, Internal Revenue Service and/or State of Washington, Department of Revenue would hold valid Class 1 Claims.

Class 2: United States of America, Internal Revenue Service. Amount due: \$2,668.56

Class 3: Steve Baldwin. Amount due: \$12,850.00

Class 4: Legion, LLC. Amount due: \$1,435.00+

Class 5: CenturyLink. Amount due: \$190.00+

Class 6: Tyco Integrated Security, LLC. Amount due: \$50.00+

Class 7: Steve Baldwin. Amount due: \$1,500.00+

Class 8: James McKee. Amount due: \$33,000.00

Class 9: Susan Babudro. Amount due: \$496,000.00 (disputed)

Class 10: Unsecured Creditors. Amount due: \$230,673.18

<u>Claimant</u>	<u>Amount</u>
Bonded Adjustment	Unknown
Cancer Care Northwest	\$715.99
Cancer Care Northwest P.S.	\$6,102.43
CBS Collections	Unknown
City of Spokane	\$225.29
Clinton Kingsbury	\$2,700.00
Dwight Weigelt	\$10,000.00

Plan of Reorganization-6

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1 percent (6%) per annum. Interest shall accrue on a Class 1 Claim from the date the
2 Claim becomes an Allowed Claim.

3 (b) Class 1 administrative tax claims and Class 2 tax claims shall be
4 allowed and paid interest on their Claims in the amount and to the extent required
5 by law. Class 1 member IRS, if it acquires a Claim, and Class 2 (IRS) shall be paid
6 interest in the amount and to the extent required by I.R.C. §6601 and 6621.

7 (c) The Allowed Claim of Class 3 (wage) shall be paid interest at six
8 percent (6%) per annum. Interest shall accrue from Petition Date.

9 (d) The Allowed Secured Claims of classes numbered 4 (Legion), 5
10 (CenturyLink), 6 (Tyco), and 8 (McKee) shall be allowed and paid interest in
11 accordance with and in the amount equal to the rate set forth in the documents and
12 writings evidencing and supporting the Allowed Secured Claims from the Petition
13 Date. If no amount is specified, the Allowed Secured Claims shall be allowed and
14 paid simple interest in the amount of six percent (6%) per annum from the Petition
15 Date. Based upon the writings and documents between Debtor and Class 4, if
16 factually proper and legally required, default rate interest may be assessed.

17 (e) The Allowed Claim or Allowed Secured Claim of Class 9 (Babudro)
18 shall be paid interest at the federal judgment rate, pursuant to 28 U.S.C. § 1961(a),
19 in effect at the time of Confirmation. Interest shall commence upon Effective Date.

20 (f) Class 10 (Unsecured Creditors) Allowed Claims shall be allowed to
21 add interest to their Claims fixed at the federal judgment rate, pursuant to 28 U.S.C.
22 § 1961(a), in effect at the time of Confirmation from the Effective Date (Art. I, def.
23 #19).

24 **ARTICLE VII**
25 **PENALTIES/ACCELERATION/PREPAYMENT PENALTIES**

19 No class of Creditors nor any member of a multi-membered class shall be allowed
20 to add penalties or penalty, default-rate, or accelerated interest or interest penalties to its
21 or their Claims, or to accelerate payment except as is otherwise provided by this Plan,
22 unless the Court approves the same prior to the entry of an Order of Confirmation upon
23 the request of a party in interest After Notice and Hearing (Art. I, def. #3).

24 Nothing in this Plan shall prohibit Debtor from accelerating the payments as fixed or
25 incorporated by this Plan. This includes allowing Debtor to pay in cash at any time the
balance then due. Any provisions in any documents or writings evidencing or supporting a
Claim which prohibits, restricts, penalizes, or charges Debtor for an acceleration or
prepayment is voided by this Plan.

Plan of Reorganization-8

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Should any document or writing supporting a Claim provide for a late payment charge or assessment, the same shall be void by this Plan, but only to the extent the payment is specifically deferred by this Plan.

ARTICLE VIII ATTORNEY FEES/COSTS

To the extent approved by the Court After Notice and Hearing (Art. I, def. #3) and properly assessed against Debtor, reasonable costs, expenses, and attorney fees will be added to a Claim. Otherwise, they shall not be allowed.

ARTICLE IX RETENTION OR REMOVAL OF LIENS OR SECURITY INTEREST/CREATION OF NEW LIENS

Subject to the provisions of this Article, Article X, Article XIV, and except as is otherwise provided herein, all classes shall retain their liens upon and in that property of Debtor and the Property of the Estate presently held as collateral for their Claims until said property is disposed of, liquidated, transferred, or sold. However, upon the liquidation, sale or transfer of any Property of the Estate, the liens or security interest of any Creditor upon and in the property sold or transferred shall be deemed automatically removed without further order of any Court and without the filing of any release or satisfaction by a Creditor so as to permit free and clear title to pass, with the liens of any Creditor attaching to the proceeds of sale in the same manner and with the same priority as they presently attach to the property itself, subject only to the terms and conditions of this Plan and specifically the distribution provisions of Article X. Provided, further, that should Debtor sell or transfer any Property of the Estate not specifically provided by this Plan to be sold or transferred, said sale or transfer of property shall occur only with the consent of the Creditor(s) whose Claim(s) are secured by the same, which consent shall not be unreasonably withheld.

The liens upon or security interest in property of estate held or asserted by Class 8 (McKee) and Class 9 (Babudro) shall be removed or modified by this Plan pursuant to Article X, and this Article IX as follows:

1. Unless avoided by further order of the Court or Plan confirmation, Class 8, and Class 9 shall retain their security interest in and lien upon Debtor's property to the extent specifically identified to support its Allowed Claim. The security interest in and lien upon the balance of Debtor's property is removed without further order of the Court.
2. Not inconsistent with number 1 above, Class 8 and Class 9 shall either abandon their liens upon or security interest in Debtor's property or

Plan of Reorganization-9

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Debtor shall commence an action to avoid the liens. The abandonment may occur by approving this Plan.

Should any Property of the Estate be sold or transferred and the lien(s) of any Creditor(s) removed to permit clear title to pass, and should said property later revert in Debtor, the security interests in or liens upon said property removed pursuant to the provisions of this Article shall re-attach to the property to the same extent to which and with the same priority in which they attached and pursuant to prior to the sale.

Should any "Property of the Estate" be sold on contract, and should the purchaser default under the contract, and should Debtor fail to exercise any and all remedies available to it under the contract within thirty (30) days of a default, any class of Creditors holding a lien or granted a lien by the Plan upon and in the property sold shall be vested with the same rights as Debtor holds to enforce the terms or exercise Debtor's rights under the contract in Debtor's name as Debtor's agent.

Provided, however, that the rights to enforce the contract herein granted to Creditors shall be effective only if said class of Creditors demands, in writing, that Debtor enforce the contract and Debtor fails to do so within ten (10) days of receiving written notice or demand.

No additional liens, encumbrances or security interests are created or removed by this Plan. However, the amounts of certain liens are fixed. See: Article XIV.

ARTICLE X PAYMENT, TREATMENT, AND DISTRIBUTION UNDER PLAN

Operation of Business

Debtor shall continue to operate its business as revised and reconstructed to the extent necessary to carry out this Plan. The business shall be directed by Steve Baldwin, President. This shall include marketing, selling, and supporting its Inventory products. Notwithstanding the above, Debtor shall be authorized to sell Debtor's Business (Art. I, def. #16) in whole or in part upon such terms as this Court shall approve upon After Notice and Hearing (Art. I, def. #3).

From the sale of Inventory and the operation of business, Debtor shall treat claims as set forth below.

Class 1: Debtor shall pay Class 1 (Admin) the sum of One Thousand Seven Hundred Fifty Dollars (\$1,750.00) per month until paid in full. The first payment shall be made within thirty (30) days of Confirmation.

1 Class 2: Debtor shall pay Class 2 (IRS) in full in four (4) equal quarterly
installments. The first installment shall be paid within six (6) months of Confirmation.

2 Class 3: Although Class 3 (Baldwin) may waive its Class 3 allowed claim, it shall be
3 paid the sum of Two Thousand Five Hundred Dollars (\$2,500.00) per month until paid in
4 full if the claim is not waived. The first payment shall be made within thirty (30) days from
full payment to Class 1.

5 Class 4: The lease between Debtor, as Lessee, and Class 4 (Legion), as Lessor,
6 covering Debtor's business premises shall be assumed pursuant to 11 U.S.C. § 365.
7 Debtor shall keep current its payments and obligations to said Class 4. The lease
assumption shall be automatic and effective upon confirmation without any specific order
of Court or formal agreement.

8 Class 5 and 6: The allowed claims of Class 5 (CenturyLink) and Class 6 (Tyco)
9 shall be paid in full. The leases and/or executory contracts between Debtor, as lessee or
10 user, and the members of Class 5 and 6, as lessors or providers, shall be assumed
11 pursuant to 11 U.S.C. § 365. Debtor shall continue to pay and perform its obligations to
classes numbered 5 and 6.

12 The lease or contract assumption by Debtor as set forth above shall be effective
upon confirmation without formal assumption or order of Court.

13 Class 7: Debtor's Plan or confirmation thereof shall not modify, in whole or in part,
14 the obligations of Class 7 (Baldwin) to Class 4 (Legion) pursuant to the lease between
15 Debtor and Class 4.

16 Class 7 shall neither have nor acquire an allowed claim against Debtor unless
17 Debtor defaults in its lease payment and/or obligations to Class 4. Upon default, if any,
Class 7 shall acquire a claim for amounts, if any, Class 7 is required to pay to Class 4.

18 Class 8: If not avoided prior to Confirmation, the Allowed Secured Claim of Class 8
19 (McKee) shall be paid in full together with interest. It shall be paid only upon the sale of
20 Collateral of Class 8 (Art. I, def. #10). Until the sale and payment occur, Class 8 shall be
paid nothing.

21 Notwithstanding the previous paragraph, Debtor shall use its best efforts to avoid
22 the lien claim of Class 8, whereupon it will be paid as an Allowed Class 10 (Unsecured)
23 claim. If Class 8 votes in favor of Debtor's Plan, that vote shall be deemed consent to
remove the lien claim.

24 Class 9: To the extent Class 9 (Babudro) is determined to hold an Allowed Secured
25 Claim (see: "Attachment Lien Claim", supra), it shall be paid upon the sale of its collateral.
To the extent Class 9 is determined to hold an Allowed Secured Claim (Art. I, def. #5) and

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1 is not fully paid from the net proceeds of sale of its collateral, Class 9's deficiency shall be
2 paid pro rata with Class 10 (Unsecured) claims until paid in full, together with interest.

3 Class 10: In addition to payment of net proceeds of sale from the sale of Inventory
4 of (Art I, def. #23), Class 10 (Unsecured) shall be paid the sum of Two Thousand Five
5 Hundred Dollars (\$2,500.00) per month from the net profits of Debtor's Business until said
6 class, together with Class 9 (Babudro), allowed claims are paid in full. The first installment
7 to said class shall be made within sixty (60) days of full payment to Class 1 (Admin) and
8 Class 3 (Baldwin).

9 Attachment Lien Claim

10 Debtor's representatives shall use their best efforts to liquidate the Attachment Lien
11 Claim of Class 9 (Babudro). The claim is defined in part in Article I, def. #6. Unless
12 otherwise resolved by agreement, Debtor shall:

- 13 1. Commence a declaratory relief suit against Class 9 to request the Court
14 determine the nature, extent, and validity of the lien and/or Allowed Secured
15 Claim (Art. I, def. #5) of Class 9;
- 16 2. In the suit, request the Court determine the dollar amount, if any, of the Allowed
17 Claim; and
- 18 3. File formal objection to any claim filed or asserted by Class 9.

19 Sale of Inventory of Art

20 Debtor shall use its best efforts to sell Inventory of Art (Art. I, def. #23). After notice
21 and hearing, Debtor shall employ a reputable and experienced art dealer to broker the
22 sale of as many items of art inventory as is practical. Creditors and other parties in interest
23 shall be given not less than fifteen (15) days notice of the proposed brokerage and
24 consignment, including terms.

25 At the time of consignment, advertised sales prices shall be set and minimum sales
prices shall be fixed for each item consigned and creditors shall be given notice thereof
with an opportunity to object. All sales shall be for cash.

Debtor shall be authorized, without further notice to creditors, or order of Court, to
accept any offer to purchase an art piece that is not less than minimum sales price.
Debtors shall not sell any art piece for less than minimum sales price without prior order of
Court.

Upon sale of any item of Inventory of Art, the net proceeds of sale shall be
disbursed as follows:

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1 first, the Allowed Secured Claim, if any, of Class 8 (McKee) to the extent the
2 proceeds are from a sale of all or part of Collateral of Class 8 (Art. I, def. #10) until
3 paid in full;

4 second, the Allowed Secured Claim, if any, of Class 9 (Babudro) to the
5 extent the proceeds are from a sale of the property properly securing the Class 9
6 claim until paid in full;

7 third, the Allowed Claims of Class 1 (Admin) members pro rata until paid in
8 full;

9 fourth, the Allowed Claim of Class 2 (IRS) until paid in full;

10 fifth, the Allowed Claim of Class 3 (Baldwin) until paid in full;

11 sixth, the Allowed Claims of Class 8 (McKee), Class 9 (Babudro), and Class
12 10 (Unsecured) allowed claims pro rata until paid in full; and

13 seventh, balance to Debtor

14 **Drop Dead Provision**

15 Two (2) drop dead provisions are provided as part of this Plan as follows:

16 1. Should any creditor believe Debtor is not expending sufficient efforts to
17 liquidate property, provided for liquidation by the terms of this Plan, or that an alternative
18 means should be used, such creditor may request the Court to revise the manner of
19 liquidation, after notice and hearing; and

20 2. Should Debtor default in payment to creditors per this Plan or default on any
21 of its obligations owed creditors pursuant to the security instruments or other loan
22 documents the Debtor executed as may be modified by this Plan, said creditor shall give
23 written notice of default to the Debtor as provided for in the security instruments or the
24 other loan documents and to Attorneys for Debtor. Thereafter, should the default not be
25 timely cured, a creditor may petition Court to lift stay to exercise its state law and/or
contractual remedies. Except as expressly modified by the Plan, all terms and conditions
of the promissory notes, the security agreements, and other loan documents evidencing
the Debtor's obligations and covenants to creditors shall and hereby do remain in full force
and effect. Debtor shall remain bound by the terms of these promissory notes, security
agreements, and other loan documents except as expressly modified by the Plan.

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ARTICLE XI
PAYMENTS/KEEPING CURRENT/ALTERATIONS

The method of paying, treating, or providing for Creditors in this Plan is in lieu of any other payment and/or treatment. To that extent, the writings and documents of some Creditors requiring certain payments or the performance of certain obligations are altered and amended.

ARTICLE XII
ASSUMPTION OF CLAIMS/SUBROGATION

Should Debtor sell any Property of the Estate, or should Debtor, or a Trustee, if one be appointed, sell or liquidate any Property of the Estate pursuant to the terms and/or conditions of this Plan, the Claim(s) of any Creditor(s) secured by the property being sold and/or leases constituting Property of the Estate may be assumed by the purchaser, provided the delinquent installments due the Claim(s) or lease(s) being assumed, as amended and fixed by this Plan, are brought current upon closing of the sale. No formal or informal approval of any Creditor(s) of a proposed Claim(s) or lease(s) assumption shall be required.

ARTICLE XIII
SECURED OR UNDER SECURED OR UNSECURED CREDITORS

Debtor believes the claims of Class 4 (Legion), 5 (CenturyLink), and 6 (Tyco) members are fully and adequately secured and properly perfected, at least to the amount of claim. Debtor believes the collateral securing the claims has a present fair market value greater than the cumulative claims against it. Debtor believes said Secured Claims are fully and adequately secured and collateralized. The Plan, therefore, treats the Claim as such.

Debtor believes the claim of Class 8 (McKee) is a valid claim, just not a valid secured or lien claim because of lack of perfection. Thus, it will be treated accordingly.

Debtor believes the claim(s) of Class 9 (Babudro) are not legally or factually supportable. Debtor disputes said claims in any amount. Debtor believes the claims are unsecured, unperfected, and voidable.

After Notice and Hearing (Art. I, def #3), if the Court permits the automatic stay to be lifted, permits a reclamation of Property of the Estate, or Debtor abandons Property of the Estate prior to the Effective Date, the Allowed Secured Claim of any Creditor secured by the property reclaimed, abandoned, or affected by the stay, shall be deemed fully secured and shall not hold a allowed general unsecured claim to the extent the Property is abandon or reclaimed.

ARTICLE XIV
FIXING CLAIMS/OBJECTIONS TO CLAIMS

Other than as is set forth in Articles X and XIII and in this Article, this Plan does not fix or attempt to fix or determine the dollar amount, validity, secured status, or the priority of the Claim of any Creditor, claimant, or other party in interest. The Allowed Claim or Allowed Secured Claim of any Creditor will be as listed by Debtor in the Schedules or as set forth in the Claim filed by a Creditor, if a Claim has been filed, unless the Claim is disputed by Debtor or fixed or specifically otherwise treated by this Plan.

This Plan fixes claims and/or objections to claims as follows:

1. The Plan does not itself fix the claims, if any, of Class 9 (Babudro). However, Debtor shall either commence suit to determine the claim or file formal objection to the claim. If Class 9 asserts a claim, the Court shall deal with the amount and validity thereof.

2. The Plan does not fix the dollar amount of the allowed claim of Class 3 wage member. However, it fixes the priority amount as fixed by 11 U.S.C. § 507.

3. The Plan requires Debtor to take whatever legal steps appear proper and necessary to fix the claims of Class 8 (McKee) and Class 9 (Babudro) as an allowed unsecured claim.

If it appears to be in the best interest of Debtor and/or Creditors and subject to the following paragraphs of this Article, objections to Claims may be filed by Debtor post-Effective Date. However, at the present time Debtor cannot identify any objections to claims that are intended to be filed unless addressed or set forth above.

This Plan (Article XVII) does contain a provision limiting and/or extinguishing Debtor's liability for any Claim assumed by a purchaser of Property of the Estate upon sale of any property or interest in property securing, in whole or in part, a Claim.

Any Claim not specifically listed as a Claim in Classes numbered 1 through 9 and 11 shall be and is hereby designated as a Class 10 (Unsecured) Claim.

The procedure relating to filing objections to Claims shall be governed by the Code and Rules. Provided, however, that any objections to Claims, other than objections of the Proponent, shall be filed within thirty (30) days from Confirmation, or they shall be deemed untimely filed. Should an objection to a Claim be untimely filed, it shall be disregarded, shall be deemed disallowed and without merit by Proponent and the Court without further Order of Court.

ARTICLE XV
LIFTING STAY/RECLAMATION OF PROPERTY/ABANDONMENT

The automatic stay imposed by Section 362 of the Code expires upon the entry by the Court of an Order of Confirmation. Debtor is not proposing to, and this Plan does not, extend the stay. Debtor shall resist any application to lift the automatic stay other than as set forth in this Article or in Article X.

Debtor shall oppose any application by a Creditor to reclaim Property of the Estate, except as set forth in this Article or in Article X.

Debtor shall not abandon Property of the Estate, except as set forth in this Article or in Article X.

After Notice and Hearing, if the Court permits the automatic stay to be lifted, permits a reclamation of Property of the Estate, or Debtor abandons Property of the Estate prior to the Effective Date, the Allowed Secured Claim of any Creditor secured by the property reclaimed, abandoned, or affected by the stay, to the extent of a deficiency, as fixed by this Plan will be an allowed general unsecured claim of Class 10.

Debtor has not abandoned post-Petition Date the collateral of any class member. None shall be abandoned until After Notice and Hearing or as is set forth in Article X.

ARTICLE XVI
EXECUTORY CONTRACTS/LEASES

Debtor does not know of any leases or executory contracts between it and Creditors other than the agreements between Debtor and the members of classes numbered 4 (Legion), 5 (CenturyLink), and 6 (Tyco). The agreements between Debtor and said classes are treated as follows: Pursuant to 11 U.S.C. § 365, with the assistance and direction of counsel, Debtor shall determine prior to confirmation whether to assume or reject the balance of leases and/or contracts. Debtor's intent is to assume all identified above.

If any additional leases or executory contracts do exist, other than those identified in the preceding paragraph, Debtor shall have a reasonable period of time to accept or reject the same following the Effective Date (Art. I, def. #19) upon being notified in writing of the existence of the same. Should the existence of a lease or executory contract be brought to Debtor's attention in writing and be rejected, the Allowed Claim of the lease or contract holder resulting from the rejection shall be an allowed general unsecured claim, unless specifically provided otherwise herein.

The agreements between Debtor and the members of Classes numbered 3, 8, and 9 shall not be deemed "executory" pursuant to Section 365 of the Code.

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ARTICLE XVII
GUARANTEES

Debtor does not believe it has guaranteed the debts or Claims of any Creditor against any person or organization except its own debts incurred in Debtor's Business. Debtor is uncertain as to the nature and extent of guarantees or liability but does not actually believe any exist, other than the independent guarantees which legally attach to an entity operating a business. The guarantees, if any, are specifically rescinded and rendered null and void by the Plan, and any claim for damages there under or for damages or liability arising therefrom or from the guarantee termination shall be an allowed general unsecured claim, except as set forth in Article X, aforementioned. Upon the Effective Date, any guarantees of Debtor are terminated unless otherwise specifically addressed.

Notwithstanding the termination of guarantees, if a guarantee is secured by property of estate, that guarantee is not terminated to the extent a creditor holds an Allowed Secured Claim.

ARTICLE XVIII
EXEMPTIONS

Debtor is a corporation registered in the State of Washington. Pursuant to 11 U.S.C. § 522(b), only an individual debtor may claim property as exempt property. Debtor is not entitled to and therefore does not claim any property as exempt property.

ARTICLE XIX
DISBURSEMENT TO CREDITORS/PREPAYMENT/RETAINED EQUITY

The method of payments and disbursements to or treatment of Creditors is contained in Article X. No other payment or disbursement shall be made to Creditors. Provided, however, that nothing in this Plan shall prohibit Debtor from accelerating its payments fixed by this Plan.

Debtor believes and has been advised by its counsel that sufficient disbursement, payment, and/or other considerations or adequate treatment of Claims are being proposed herein to compensate Creditors for any retained equity by members of Class 11 (Equity).

ARTICLE XX
FILING/FIXING ADMINISTRATIVE EXPENSES

The deadline for submission of all Claims entitled to priority pursuant to §§507(a)(1) and (b) of the Code incurred prior to Confirmation, with the exception of fees and costs of Professional Persons, allowable under §503(b)(1) and (b)(2) shall be thirty (30) days

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1 following Confirmation unless a specific order fixes a different date. Failure to file a Claim
2 by this date shall conclusively bar the claimant from asserting a Claim, which Claim shall
be forever discharged.

3 Should a Claim or request for allowance of Administrative expense be filed with the
4 Court after the date the Court enters an Order closing the case or should one be filed
5 before the entry of a closure Order, but the time for filing a timely objection thereto expires
6 after the entry of such closure order, and should there be a timely objection filed to such
7 request, the requesting party shall be required to file an application with the Court to re-
open this Chapter 11 case for the purpose of allowing the Court to hear the issues raised
by the objection. The requesting party shall also tender to the Clerk of the Court the
appropriate filing fee with the application to re-open the Chapter 11 case.

8 Should a Claim or a Request for Administrative Expense be presented to Debtor by
9 the Attorney for Debtor after the case is closed, with the result that a current certified
10 Master Mailing List (MML) cannot be obtained from the Court without paying a fee to
11 reopen the case, the Attorney for Debtor shall use the MML used to notify Creditors of the
entry of the Order of Confirmation. Should no objection to the Claim or Request be served
upon the Attorney for Debtor, it shall be deemed approved and allowed by the Court,
without the necessity of an Order of the Court formally approving the same.

12 Any tax liability created or generated by Debtor's estate, including by liquidation of
13 Property of the Estate, shall be deemed an Administrative (Class 1) Claim and shall be
14 paid as a Class 1 Claim without the necessity of a Claim being filed and without further
Order of Court.

15 **ARTICLE XXI**
16 **SALARY OR WAGE/SUBROGATION/RETENTION OF MANAGEMENT**

17 Debtor intends to continue to operate and conduct Debtor's Business (Art. I, def.
18 #16) following the Effective Date (Art. I, def. #19) of the Plan at least to the extent
19 necessary to carry out the terms of the Plan. Subject to the provisions of Article X, Debtor
20 shall retain any operating profits from the same to provide for operating expenses and to
the extent provided in Article X to assist it in paying the installments provided for in this
Plan to be paid.

21 Except as set forth in the Notice to Creditors to Pay Wage/Salary to Insiders filed
22 with the Court, Debtor shall not pay any other salary or wage to an "insider" in any other
23 amount unless prior notice to creditors is given by Debtor. The notice shall state the
amount proposed to be paid, the services to be performed and the payment/salary history.

24 Debtor may attempt to borrow funds from insiders or others or use post-Petition
25 Date earnings to pay or purchase certain Claims. Should this occur, the purchaser or
payor of said Claim(s), including Debtor, whether voluntary or involuntary, shall be

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1 subrogated, without further order of the Court, to the rights to receive payments of the
2 Claim pursuant to this Plan.

3 Should Debtor or any other person or entity pay, in whole or in part, the Claim(s) of
4 any Class(es), the payor shall be automatically subrogated to receive the payment(s) of
5 said Class(es)' Claim(s) as provided to be paid pursuant to Article X, to the extent of
6 payment by Debtor.

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ARTICLE XXII
SUBSTANTIAL CONSUMMATION

Debtor's Plan shall be deemed substantially consummated sixty (60) days following Confirmation, provided that Debtor has commenced distribution under this Plan (11 U.S.C. § 1101(2)(C)) and paid all installments and performed all obligations provided by this Plan to be paid or performed within that time.

ARTICLE XXIII
HEARING REQUESTS POST-FINAL DECREE

Should Debtor's Plan provide that certain acts or events may occur after the Plan has been substantially consummated or after the entry of a Final Decree, and in either event only "After Notice and Hearing" (Art. I, def. #3), and should Debtor cause such a notice to be given to which a party in interest objects and reopening of this case is necessary to hear the objection, such reopening shall be guided by the Bankruptcy Code and Rules as supplemented by Debtor's Plan. The party seeking to reopen and/or invoking the jurisdiction of the Court shall have the duty of reopening the case and bear the cost of so doing.

Should Debtor, pursuant to this Plan, be required to give a notice to Creditors after a Final Decree is entered or after the case is closed, with the result that a current certified Master Mailing List (MML) cannot be obtained from the Court without paying a fee to reopen the case, the Attorney for Debtor shall use the MML used to notify Creditors of the entry of the Order of Confirmation. Should no objection to the Claim or Request be served upon the Attorney for Debtor, it shall be deemed approved and allowed by the Court, without the necessity of an Order of the Court formally approving the same.

ARTICLE XXIV
CREDITORS' CHANGE OF ADDRESS

It shall be the duty of each Creditor to keep the Debtor and the Disbursing Agent informed of any changes in the Creditor's address by notifying in writing the Debtor and Disbursing Agent of any such changes. Should a Creditor change his/her address and fail to notify Debtor and Disbursing Agent with the result that the Debtor or Disbursing Agent are no longer able to mail a dividend to said Creditor by first class mail, the Debtor or

1 Disbursing Agent shall cancel said check and re-deposit said funds in the Disbursing
2 Agent's account. Should this occur, the Debtor is forever relieved of liability to said
3 Creditor in regard to payment of a dividend.

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ARTICLE XXV
DISBURSING AGENT

Debtor proposes that no Disbursing Agent be appointed, and that Debtor act as Disbursing Agent, or, if one be appointed, that Debtor's accountant be designated as Disbursing Agent to serve without bond. If the Court directs a bond be posted, it will be fixed by the Court upon Confirmation. The Disbursing Agent, if appointed, shall receive the money from the payments being made by Debtor, other than the payments being made directly to the secured Creditors, and shall disburse said funds in accordance with this Plan. The costs and reasonable fees for the services of the Disbursing Agent shall be paid After Notice and Hearing (Art. I, def. #3) or, as fixed by the Court should an objection be filed and should the objecting party comply with Articles XX and XXIII, and shall be considered an Administrative Expense.

The money being paid or generated by Debtor shall be disbursed by Debtor or the Disbursing Agent, if any, to Creditors in accordance with this Plan within thirty (30) days of receipt by the Disbursing Agent unless otherwise specifically provided by Article X.

ARTICLE XXVI
MODIFICATION OF THE PLAN

Debtor may propose amendments or modifications to the Plan at any time prior to Confirmation, provided such modifications comply with Sections 1122 and 1123 of the Code. After Debtor files such modification, the Plan, as modified, becomes the Plan.

Debtor may propose amendments or modifications to the Plan at any time after Confirmation, provided such modifications comply with Sections 1122 and 1123 of the Code. After Debtor files such modification, the Plan, as modified, becomes the Plan.

Debtor may propose amendments or modifications at any time after Confirmation of the Plan and before substantial consummation of such Plan, as long as the modifications meet the requirements of Sections 1122 and 1123 of the Code. Such Plan as modified becomes the Plan only if circumstances warrant such modifications and the Court, After Notice and Hearing (Art. I, def. #3), confirms such Plan as modified.

A change in the manner, terms, and/or conditions of any sale or liquidation of Property of the Estate shall be authorized provided Creditors and other parties are given at least fifteen (15) days prior notice of the same. Such change/revision shall not be deemed an amendment or modification of this Plan as defined and/or used in sections 1122 and/or 1123 of the Code, but shall be deemed an adjustment authorized by this Plan. The same

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shall be deemed automatically approved by the Court without the necessity of an Order of Court provided no objection is timely and properly filed to the Notice.

ARTICLE XXVII
EFFECT OF CONFIRMATION

Upon Confirmation of this Plan, the effect of Confirmation shall be provided for in Section 1141 of the Code.

ARTICLE XXVIII
PROVISIONS FOR PRIORITY, ADMINISTRATIVE, WAGE AND
TAX CLAIMS

All Class 1 Claims shall be paid in accordance with Article X.

Each claim of a kind specified in 11 U.S.C. 507(a)(8) of the United States Code and any Allowed Secured tax claim of the United States of America must be paid in deferred cash payments over a period of not exceeding five (5) years after petition date, of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim. Subject to the provision of Article XIV, Debtor shall comply with this provision, notwithstanding any other provisions of this Plan.

Notwithstanding any provision of the Plan to the contrary, the Allowed Claims of the United States of America, Internal Revenue Service and State of Washington or any other state taxing agency shall be paid as is set forth in Article X and shall be at a minimum each quarter a sum equal to one-twentieth (1/20) of its/their Claim(s). However, a payment to these taxing agencies of more than the minimum in any quarter shall automatically carry over as an advance payment on the next quarterly payment(s) due.

Notwithstanding any provisions of the Plan to the contrary, the United States of America, Internal Revenue Service, shall have the right of set off and shall be deemed secured pursuant to 11 U.S.C. 506(a) to the extent Debtor owes the Internal Revenue Service and it holds a refund of taxes otherwise payable to Debtor.

Any tax liability to the Internal Revenue Service accruing post-petition but prior to Discharge shall be timely paid or paid upon Effective Date (Art. I, def. #21), whichever occurs later.

Any taxes owing by the estate, including capital gain taxes created by the sale of any real property pursuant to the terms of this Plan, due the United States of America, Internal Revenue Service shall be paid as a Class 1 claim. Any taxes accruing post-petition by the Debtor due the United States of America, Internal Revenue Service shall be timely paid and all post-petition tax returns due by the Debtor to the United States of America, Internal Revenue Service shall be timely filed.

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1 Any Allowed Claim of the Internal Revenue Service or State of Washington shall
2 not be discharged until such time as all payments provided by the Plan to be paid to the
3 Internal Revenue Service or State of Washington have been paid.

4 The Debtor shall provide notice of the tax due by the Debtor and the estate,
5 including the amount for each sale as they occur, by filing and paying each quarterly
6 estimated tax payment, and filing and paying tax returns when due with the Spokane
7 Insolvency Office of the IRS.

8 Should Debtor default in Plan payments to the United States of America, Internal
9 Revenue Service or to state taxing agencies, said agencies may proceed, after giving
10 Debtor and Debtor's attorney thirty (30) days written notice of default with an opportunity to
11 cure said default, to exercise any remedies otherwise available to them under the laws
12 governing the collection of taxes, including, but not limited to, requesting that the Court
13 dismiss the Chapter 11 case for lack of substantial consummation, if the default occurs
14 before substantial consummation. Provided, however, that the actions, if any, by said
15 federal or state taxing agencies may not nor shall not impair Debtor's ability to sell any
16 Property of the Estate or operate Debtor's Business (Art. I, def. #16), to the extent
17 provided for in Article X of this Plan.

18 All fees payable to the U.S. Trustee pursuant to U.S.C., §1930 shall be paid in full
19 on or before the Effective Date (Art. I, def. #19).

20 To the extent required by law, the reorganized Debtor shall be responsible for
21 timely payment of fees incurred pursuant to 28 U.S.C. Section 1930(a)(6). After
22 confirmation, and to the extent required by law, the reorganized Debtor shall serve upon
23 the United States Trustee monthly operating reports.

24 Debtor shall be entitled to use any pre-petition Net Operating Loss carry forward, or
25 any similar tax attributes, to the extent necessary to reduce Debtor's tax liability.

26 ARTICLE XXIX 27 SPECIAL PROVISIONS

28 1. Notwithstanding any other provision of this Plan of Reorganization:

29 a) Disputed Claims shall be paid the same as other Claims of the Class in
30 which they are members upon their allowance by the Court;

31 b) any Claim may be disputed by Debtor after Confirmation should it be
32 determined that said Claim is invalid or unenforceable and Debtor does not, by
33 listing a Claim at all, reaffirm, acknowledge or agree to pay any Claim that proves
34 to be invalid or unenforceable; and

35 Plan of Reorganization-22

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1 c) should a Claim or Creditor be listed in Debtor's Plan as a Secured Claim
2 or Creditor and it be determined by the Court that said Creditor's Claim be
3 unsecured in whole or in part, for any reason, then, in that event, said Claim, in
4 whole or in part, shall be treated as an allowed unsecured claim and paid
5 accordingly.

6 2. Preservation of Rights: The Debtor and the Estate retain all rights of and
7 to commence and pursue any and all Causes of Action (under any theory of law,
8 including, without limitation, the Bankruptcy Code, and in any court or other tribunal
9 including, without limitation, in an adversary proceeding filed in the Chapter 11 Case) to
10 the extent the Debtor deems appropriate. Potential Causes of Action may, but need not
11 (if at all), be pursued by the Debtor prior to the Effective Date, to the extent warranted.
12 Potential Causes of Action that may be pursued by the Debtor and/or the Estate prior to
13 the Effective Date and by the Debtor and/or the Estate after the Effective Date, also
14 include, without limitation, any other Causes of Action, whether legal, equitable, or
15 statutory in nature, arising out of, or in connection with, the affairs of the Debtor,
16 including, without limitation, the following: possible claims against borrowers or third
17 parties, counterclaims, defenses, and objections relating to any Claims or other
18 obligations; contract or tort claims which may exist or subsequently arise; any and all
19 Avoidance Actions pursuant to any applicable section of the Bankruptcy Code arising
20 from any transaction involving or concerning the Debtor.
21

22 The Debtor and the Estate expressly reserve any and all Causes of Action for
23 later enforcement by the Debtor and/or the Estate (including, without limitation, Causes
24 of Action that may be set forth in the Plan or not specifically identified or which the
25 Debtor may presently be unaware of or which may arise or exist by reason of additional
facts or circumstances unknown to the Debtor at this time or facts or circumstances
which may change or be different from those which the Debtor believes to exist) and,
therefore, no preclusion doctrine, including, without limitation, the doctrines of *res*
judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel
(judicial, equitable, or otherwise) or laches shall apply to such claims or Causes of
Action as a result of the confirmation or consummation of this Plan, *or any aspect of the*
Disclosure Statement, this Plan, or the Confirmation Order. In addition, the Debtor and
the Estate expressly reserves the right to pursue or adopt any claim, crossclaim, or
counterclaims alleged in any lawsuit in which the Debtor is a defendant or an interested
party, against any Entity, including, without limitation, the plaintiffs or co-defendants in
such lawsuits, subject to the provisions of this Plan or any Final Order.

The Debtor and the Estate do not intend, and it should not be assumed that
because any existing or potential Causes of Action have not yet been pursued by the
Debtor and the Estate or are not set forth herein, that any such Causes of Action have
been waived.

Without limiting the generality and breadth of the foregoing, the following potential Causes of Action are hereby expressly preserved for pursuit by the Debtor or the Estate:

1. Avoidance of certain claims of Class 9 (Babudro) upon certain property of Debtor.
2. Any and all claims and causes of action of any nature whatsoever listed in the Disclosure Statement, Plan, and Bankruptcy Schedules, as amended, including, but not limited to, the claims listed in Articles I and X of the Plan and claims against Class 9 (Babudro).
3. Any and all avoidance actions arising under Title 11 of the Bankruptcy Code, including, but not limited to §§544, 545, 547, 548, 550, 551, and 553.
4. Any and all claims, crossclaims, counterclaims, defenses, objections, etc. listed in Preservation of Rights, or otherwise, relating in any manner to any lawsuit or proceeding listed in the Bankruptcy Schedules, as amended, the Plan, Disclosure Statement, or any pleading filed in the Bankruptcy Proceeding, or related in any manner to a claim of a creditor listed in the Bankruptcy Schedules, as amended the Plan, Disclosure Statement, or any pleading filed in the Bankruptcy Proceeding.
5. Any claims against Class 9 (Babudro).

ARTICLE XXX JURISDICTION OF THE COURT

The Court will retain exclusive jurisdiction until this Plan has been fully consummated and thereafter upon a party in interest filing an application to re-open the case and paying the necessary filing fee, including, but not limited to, the following purposes:

1. The classification or determination of the amount or validity of the Claim of any Creditor and the re-examination of Claims which have been allowed for purposes of voting, and the determination of such objections as may be filed to Creditors' Claims. The failure by Debtor to object to, or to examine any claims for the purposes of voting, shall not be deemed to be a waiver of the Debtor's right to object to, or re-examine the Claim in whole or in part.
2. The determination of all questions and disputes regarding title to Property of the Estate, and determination of all causes of action, controversies, disputes or conflicts, whether or not subject to action pending as of the date of

Plan of Reorganization-24

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A PROFESSIONAL SERVICE CORPORATION
ATTORNEYS AT LAW
SUITE 960, PAULSEN CENTER
WEST 421 RIVERSIDE AVENUE
SPOKANE, WASHINGTON 99201
TELEPHONE (509) 624-0159

Confirmation, between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets pursuant to the provisions of Title 11 of the United States Code.

3. The correction of any defect, the curing of any omission or the reconciliation of any inconsistency in the Plan or the Order of Confirmation as may be necessary to carry out the purposes and intent of the Plan.

4. The modification of the Plan after Confirmation pursuant to the Bankruptcy Rules and Title 11 of the United States Code.

5. To enforce and interpret the terms and conditions of the Plan.

6. To set or adjust the asking price for any property which Debtor is proposing to sell under his Plan upon the request of a party in interest, After Notice and Hearing (Art. I, def. #3).

7. The entry of any order, including injunctions, necessary to enforce the title, rights, and powers of the Debtor and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as this Court may deem necessary.

8. Entry of an Order concluding and terminating this case.

The Debtor shall immediately upon Confirmation of its Plan of Reorganization begin carrying out the terms thereof.

DATED this 23rd day of May, 2018.

SPOKANE COIN EXCHANGE, INC.

BY: 

STEVE BALDWIN, President

VERIFICATION

STEVE BALDWIN, President, states under penalty of perjury of the laws of the State of Washington, that he has read the foregoing, understands the contents and believes it to be true to the best of his knowledge and information.



STEVE BALDWIN, President

Plan of Reorganization-25

SOUTHWELL & O'ROURKE, P.S.

A PROFESSIONAL SERVICE CORPORATION

ATTORNEYS AT LAW

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TELEPHONE (509) 624-0159

1 PRESENTED BY:

2 SOUTHWELL & O'ROURKE, P.S.
3

4 BY: /s/ Kevin O'Rourke
5 KEVIN O'ROURKE, WSBA #28912
6 Attorney for Debtor

7 SOUTHWELL & O'ROURKE, P.S.

8 BY: /s/ Dan O'Rourke
9 DAN O'ROURKE, WSBA #4911
10 Attorney for Debtor
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Plan of Reorganization-26

SOUTHWELL & O'ROURKE, P.S.
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TELEPHONE (509) 624-0159

FILED

MAR 08 2016

Timothy W. Fitzgerald
SPOKANE COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF SPOKANE

SUSAN BABUDRO, an individual,

Plaintiff,

vs.

SPOKANE COIN EXCHANGE, INC., a
Washington corporation; STEVEN and
JANE DOE BALDWIN, a married couple,
and the marital community thereof; and
ZOYDAN GAMES, INC.

Defendants.

NO. 15-2-04782-0

ORDER FOR WRIT OF
ATTACHMENT

~~[Clerk's action required]~~

THIS MATTER having come before the court on Plaintiff's Motion for Writ of
Attachment against Defendants and having heard oral argument from the following:

1. Evan C. Schneider on behalf of Plaintiff; and
2. Steven O. Anderson/Hailey L. Landrus on behalf of Defendants.

The Court also considered the records and pleadings filed in this matter, including:

1. Plaintiff's Motion for Writ of Attachment
2. Plaintiff's Memorandum in Support of Motion for Writ of Attachment;
3. Declaration of Susan Babudro;
4. Declaration of Steven Baldwin in Opposition of Plaintiff's Motion;
5. Supplemental Declaration of Steven Baldwin in Opposition of Plaintiff's
Motion;

ORDER FOR WRIT
OF ATTACHMENT - 1

SCHNEIDER LAW

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(P) 509.795.1907
(F) 509.275.5546

ORIGINAL

EXHIBIT

6. Declaration of Kevin Roberts;
7. Plaintiff's Reply; and
8. Declaration of Susan Babudro in Support of Plaintiff's Reply.

ORDER

It is hereby ORDERED, ADJUDGED, AND DECREED that Plaintiff's Motion for Writ of Attachment against Defendants is hereby GRANTED as set additionally set forth below:

1. ~~The Clerk of the Court is directed to issue a Writ of Attachment against Defendants;~~

2. Defendants are ordered to provide to Plaintiff:

- a. ☐ the following personal property, which is to be subject to this writ:

; or

- b. ☒ in writing, and under oath, the location and inventory of art* subject to this writ by ^{order} no later than the 22nd of March, 2016;

3. Defendants are ordered to provide ten (10) days prior written notice to Plaintiff's counsel prior to moving, selling, or affecting in any way any property subject to this writ. ^{order} for the purpose of Plaintiff's inspection;
4. ~~A copy of the Writ of Attachment is attached as Exhibit A;~~ and

*equivalent to the approximate value of \$162,000.

ORDER FOR WRIT
OF ATTACHMENT - 2

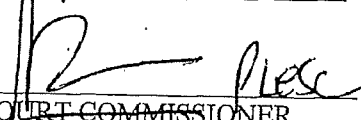
SCHNEIDER LAW

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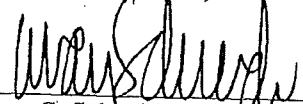
1 5. It is further ordered: Defendant shall be allowed to sell
 2 or exchange items subject to this order provided that he
 3 first provides ten (10) days prior written notice to
 4 Plaintiff of the same and includes new substitute items
 5 which will be then subject to this order.
 6

7 The Court's oral findings are also hereby
 8 incorporated.
 9

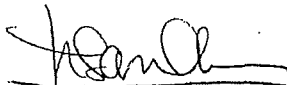
10
 11 DONE IN OPEN COURT this 8 day of March, 2016.

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 14 
 15 JUDGE/COURT COMMISSIONER

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 18 Presented by:
 19 SCHNEIDER LAW, PLLC

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 22 Evan C. Schneider, WSBA #41920
 23 Attorney for Plaintiff Susan Babudro
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25 Approved for Entry:
 26 STAMPER RUBENS, P.S.

27 
 28 BAILEY L. LANDRUS, WSBA #39432
 29 Attorney for Defendants
 30 Baldwin and Spokane
 31 Coin Exchange
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ORDER FOR WRIT
 OF ATTACHMENT - 3

SCHNEIDER LAW
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 Spokane, WA 99210
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FILED

MAR 08 2016

Timothy W. Fitzgerald
SPOKANE COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF SPOKANE

SUSAN BABUDRO, an individual,

Plaintiff,

vs.

SPOKANE COIN EXCHANGE, INC., a
Washington corporation; STEVEN and
JANE DOE BALDWIN, a married couple,
and the marital community thereof; and
ZOYDAN GAMES, INC.

Defendants.

NO. 15-2-04782-0

ORDER FOR WRIT OF
ATTACHMENT

~~[Clerk's action required]~~

THIS MATTER having come before the court on Plaintiff's Motion for Writ of
Attachment against Defendants and having heard oral argument from the following:

1. Evan C. Schneider on behalf of Plaintiff; and
2. Steven O. Anderson/Hailey L. Landrus on behalf of Defendants.

The Court also considered the records and pleadings filed in this matter, including:

1. Plaintiff's Motion for Writ of Attachment
2. Plaintiff's Memorandum in Support of Motion for Writ of Attachment;
3. Declaration of Susan Babudro;
4. Declaration of Steven Baldwin in Opposition of Plaintiff's Motion;
5. Supplemental Declaration of Steven Baldwin in Opposition of Plaintiff's
Motion;

ORDER FOR WRIT
OF ATTACHMENT - 1

EMMITT #1



ORIGINAL

SCHNEIDER LAW

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6. Declaration of Kevin Roberts;
7. Plaintiff's Reply; and
8. Declaration of Susan Babudro in Support of Plaintiff's Reply.

ORDER

It is hereby ORDERED, ADJUDGED, AND DECREED that Plaintiff's Motion for Writ of Attachment against Defendants is hereby GRANTED as set additionally set forth below:

1. ~~The Clerk of the Court is directed to issue a Writ of Attachment against Defendants;~~

2. Defendants are ordered to provide to Plaintiff:

a. ☐ the following personal property, which is to be subject to this writ:

; or

b. ☒ in writing and under oath, the location and inventory of art* subject to this ^{order} writ by no later than the 22nd of March, 2016;

3. Defendants are ordered to provide ten (10) days prior written notice to Plaintiff's counsel prior to moving, selling, or affecting in any way any property subject to this ^{order} writ, for the purpose of Plaintiff's inspection;

4. A copy of the Writ of Attachment is attached as Exhibit A; and

*equivalent to the approximate value of \$162,000.

ORDER FOR WRIT
OF ATTACHMENT - 2

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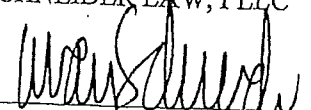
5. It is further ordered: Defendant shall be allowed to sell or exchange item subject to this order provided that he first provides ten (10) days prior written notice to Plaintiff of the same and includes new substitute items which will be then subject to this order.

The Court's oral findings are also hereby incorporated.


DONE IN OPEN COURT this 8 day of March, 2016.


JUDGE/COURT COMMISSIONER

Presented by:
SCHNEIDER LAW, PLLC


Evan C. Schneider, WSBA #41920
Attorney for Plaintiff Susan Babudro

Approved for Entry:
STAMPER RUBENS, PS.


HAILEY L. LANDRUS, WSBA #37432
Attorney for Defendants
Baldwin and Spokane
Coin Exchange

ORDER FOR WRIT
OF ATTACHMENT - 3

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