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Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re:

KATHLEEN JOAN OTTO, aka KATHLEEN
J. OTTO, aka KATHLEEN KJENSrud
OTTO, aka KATHLEEN K. OTTO, aka
KATHY OTTO,

Debtor and

Debtor-in-Possession

Bk. No. 6:12-bk-21607 MJ

In a Case Under Chapter 11
of the Bankruptcy Code
(11 U.S.C. § 1101 et seq.)

**DEBTOR'S FIRST AMENDED
CHAPTER 11 PLAN**

Disclosure Statement Hearing

Date: February 13, 2013
Time: 1:30 p.m.
Ctmm: 301
United States Bankruptcy Court
3420 Twelfth Street
Riverside, CA 92501

Plan Confirmation Hearing
See Disclosure Statement for
Voting and Objecting
Procedures

Date: To be set by the Court
Time: To be set by the Court
Ctmm: United States Bankruptcy Court
3420 Twelfth Street
Riverside, CA 92501

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I.

INTRODUCTION

Kathleen Joan Otto, aka Kathleen J. Otto, aka Kathleen Kjensrud Otto, aka Kathleen K. Otto aka Kathy Otto ("Kathleen Otto" or "Debtor") is the Debtor in a Chapter 11 bankruptcy case. On May 10, 2012, Kathleen Otto commenced a bankruptcy case by filing a voluntary Chapter 11 petition under the United States Bankruptcy Code ("Bankruptcy Code"), 11 U.S.C. § 101 et seq. This document is the Chapter 11 Plan ("Plan") proposed by Kathleen Otto ("Plan Proponent"). Sent to you in the same envelope as this document is the Disclosure Statement which has been approved by the Court, and which is provided to help you understand the Plan.

This is a liquidating plan. In other words, the Proponent seeks to accomplish payments under the Plan by pursuing pending litigation to a final determination while Debtor liquidates the assets of the estate to distribute the proceeds to pay all Allowed Claims. The Effective Date of the proposed Plan is 30 days after the entry of an order confirming the Debtor's Plan.

A term used in the Plan that is capitalized is either defined in Exhibit D or is used in the Bankruptcy Code and shall have the meaning ascribed to such term in the Bankruptcy Code.

II.

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. General Overview

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

B. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following claims in a class. The treatment of these claims is provided below.

1. Administrative Expenses

Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(1). The Code requires that all administrative claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor's § 507(a)(1) administrative claims and their treatment under this Plan.

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Broker & Associates PC	\$35,000.00 (estimated)	Paid in full on the Effective Date
Callahan & Blaine, APLC	\$10,000.00 (estimated)	Paid in full on the Effective Date
Clerk's Office Fees	\$00.00	If any, will be paid in full on the Effective Date
Office of the U.S. Trustee Fees	\$650.00	Paid in full on the Effective Date (quarterly fees for fourth quarter 2012)
TOTAL	\$45,650.00	

Court Approval of Fees Required:

The Court must approve all professional fees listed in this chart. For all fees except Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application and the Court must rule on the application. Only the amount of fees allowed by the Court will be required to be paid under this Plan.

2. Priority Tax Claims

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The Code requires that each holder of such a 507(a)(8) priority tax claim receive the present value of such claim in deferred cash payments, over a period not exceeding six years from the date of the assessment of such tax. The Debtor owes no priority tax claims.

C. Classified Claims and Interests

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The following chart lists all classes containing Debtor's secured pre-petition claims and their treatment under this Plan:

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
1	<p>Secured Claim of:</p> <ul style="list-style-type: none"> Name = U.S. Bank Collateral description = (1) Commercial Security Agreement in lease portfolio of Manufacturers Acceptance Corporation (2) 49355 Sunrose Lane, Palm Desert, CA 92260 (real property) 	N	Y	<ul style="list-style-type: none"> Pymt Interval = Monthly Pymt amt/interval = \$1,000.00 (estimated monthly payment) Balloon pymt = \$318,535.38 (reduced by collection of lease portfolio postpetition plus interest and attorneys' fees accrued postpetition and prior to entry of the Confirmation Order) Begin date = Effective Date End date = August 1, 2013 Interest rate % = 3.75% Total payout 100% Treatment of Lien = Retain lien against real property collateral <p>Payments of interest only, payable monthly, at an interest rate of 3.75% simple interest starting on the Effective Date and continuing until the Secured Claim is paid in full. The Debtor shall have until June 30, 2013 to close on a sale of the real property collateral. The Debtor shall</p>
	<ul style="list-style-type: none"> Collateral value = (as of Petition Date) Lease portfolio: \$6,555.30 Real property: \$1,920,000.00 			

	<ul style="list-style-type: none"> ● Priority of security int. = First ● Principal owed = \$318,535.38 (as of Petition Date) 			have an additional 30 days after June 30, 2013 to pay the Secured Claim in full from the proceeds of an auction of the real property collateral; or a loan secured by the real property collateral; or another source obtained by the Debtor. If the Secured Claim has not been paid in full by August 1, 2013, then U.S. Bank shall be deemed to have been granted relief from the automatic stay to proceed to foreclose its lien recorded against the real property collateral.
	<ul style="list-style-type: none"> ● Pre-pet. arrearage amount = \$00.00 ● Post-pet. Arrearage amount = \$00.00 ● Total claim amount = \$318,535.38 reduced by collection of lease portfolio postpetition plus interest and attorneys' fees accrued postpetition and prior to entry of the Confirmation Order 			

<u>CLASS#</u>	<u>DESCRIPTION</u>	<u>INSIDERS</u> (Y/N)	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
2	<p>Secured Claim of:</p> <ul style="list-style-type: none"> ● Name = Riverside County Taxing Authority ● Collateral description = 49355 Sunrose Lane, Palm Desert, CA 92260 (real property) ● Collateral value = (as of Petition Date) Real property: \$1,920,000.00 ● Priority of security int. = statutory lien ● Principal owed = \$25,484.16 (as of Petition Date) 2012 taxes as of 1/01/12 ● Pre-pet. arrearage amount = \$00.00 ● Post-pet. Arrearage amount = \$00.00 	N	N	<ul style="list-style-type: none"> ● Pymt Interval = Semi-annual ● Pymt amt/interval = \$13,000.00 (estimated semi-annual payment) ● Balloon pymt = 00.00 ● Begin date = December 1, 2012 ● End date = April 1, 2014 ● Interest rate % = 18.0% (if applicable) ● Total payout 100% ● Treatment of Lien = Retain lien against real property collateral <p>The secured claim of the Riverside California Taxing Authority will be paid timely and in the normal course of business with all applicable costs, fees, charges and interest pursuant to 11 U.S.C. §§ 506(b) and 511, if applicable. If the Debtor fails to make a payment to the Riverside County Taxing Authority and further fails to make the missed payment within 10 days after written notice sent by the Riverside County Taxing Authority, the Taxing Authority may</p>

	<ul style="list-style-type: none"> ● \$25,484.16 (estimate per year) \$12,742.08 due 12/01/12 \$12,742.08 due 4/01/13 \$13,000.00 due 12/01/13 (estimated) \$13,000.00 due 4/01/14 (estimated) 			enforce the entire amount of its claim, plus all penalties and interest accrued under state law, against the Debtor in accordance with applicable state law remedies.
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2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims.

The following chart lists all classes containing Debtor's 507(a)(3), (4), (5), (6), and (7) priority unsecured claims and their treatment under this Plan: NONE

3. Class of General Unsecured Claims

General unsecured claims are unsecured claims not entitled to priority under Code Section 507(a). The following chart identifies this Plan's treatment of the classes containing all of Debtor's general unsecured claims:

CLASS #	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
3	<p>General unsecured Claims (excluding Claims classified in the Class 4 Administrative Convenience Class below)</p> <ul style="list-style-type: none"> ● Total amt of Claims = \$117,326,022.68 <p>ALL CLAIMS ARE DISPUTED CLAIMS</p>	Y	<ul style="list-style-type: none"> ● Pymt interval = See below ● Pymt amt/interval = See below ● Begin date = See below ● End date = See below ● Interest rate % = See below ● Total payout 1.00 % = See below for treatment \$1,200,000.00

The holders of Allowed Claims in this Class will share pro-rata in future distributions up to 100% of the principal amount of their Allowed Claims, which shall not bear interest. If the principal amount of all Allowed Claims are paid in full, then this Class will share pro rata in remaining funds up to 100% of the interest on their Allowed Claims. The funding will come from the cash Estate Assets and the liquidation of non-cash Estate Assets. See, Funding of Plan, Section D.1. below. The Debtor estimates that if all Disputed Claims in this class are allowed, and based on the cash anticipated from liquidation of non-cash Estate Assets, creditors holding Class 3 Claims will receive distributions equal to approximately 1.0 % of the approximately \$117 million in Disputed Claims.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Y/N)</u>	<u>TREATMENT</u>
4	Administrative Convenience Class Allowed claims in the amount of \$1,000.00 or less will be paid in full on the Effective Date from cash on hand. ● Total amt of claims \$746.14	Y	<ul style="list-style-type: none"> ● Pymt interval One payment ● Pymt amt/interval One time ● Begin date Effective Date ● End date N/A ● Interest rate % 0% ● Total payout 100% See below for treatment \$746.14

The holders of Allowed Claims in Class 4 will receive payment of 100% of the principal amount of their Allowed Claims, which shall not bear interest. The funding will come from the cash Estate Assets on hand on the Effective Date. The Debtor estimates that Allowed Claims in the amount of \$1,000.00 or less in this class will receive distributions equal to 100.0 % of the amount of the Allowed Claims which total \$746.14.

4. Class(es) of Interest Holders

Interest holders are the parties who hold ownership interest (i.e., equity interest) in the Debtor. If the Debtor is a corporation, entities holding preferred or common stock in the Debtor are interest holders. If the Debtor is a partnership, the interest holders

include both general and limited partners. If the Debtor is an individual, the Debtor is the interest holder. The following chart identifies this Plan's treatment of the class of interest holders:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Y/N)	<u>TREATMENT</u>
5	Kathleen Otto	Y	The Debtor will retain all Exempt Assets. See Exhibit C. If the objections to allowance of the Class 3 Disputed Claims are sustained, then Class 3 Disputed Claims will receive no distributions under the Plan and the Debtor will retain all Exempt Assets and all Estate Assets, including the cash proceeds from the sale of any Estate Assets, after payment of all Allowed Claims.

D. Means of Performing the Plan

1. Funding for the Plan

The Plan will be funded by the following: (a) the cash Estate Assets which the Debtor estimates will total \$50,000.00 on the Effective Date; (b) the sale of non-cash Estate Assets, including the 2006 Aston Martin automobile and jewelry which is not claimed as exempt; and (c) the sale of the real property Estate Asset which is the personal residence of the Debtor located at 49355 Sunrose Lane, Palm Desert, California 92260 ("Personal Residence"). The Estate Assets to be sold to fund the Plan

1 are identified in Exhibit A. The sale of the Estate Assets shall be conducted in an
2 orderly manner commencing on or before the Effective Date. The Debtor shall market
3 each Estate Asset in the manner she deems will result in obtaining the highest and best
4 price for the asset. The deadline to sell the Personal Residence will be June 30, 2014,
5 with the right to seek an extension of time to close an imminent sale of the asset or for
6 other good cause shown. The remaining Estate Assets to be liquidated to fund the Plan
7 will be sold by December 31, 2013, with the right to seek an extension of time for good
8 cause shown. After entry of a Final Order determining all Disputed Claims, the
9 deadlines for liquidating Estate Assets may be accelerated.

10 From and after the Confirmation Date, subject to the requirement for notice and
11 opportunity to object set forth below, the Debtor shall be entitled to sell, assign, transfer
12 or otherwise dispose of any interest that she may have in any Estate Asset set forth on
13 Exhibit A, without the need for any order of the Bankruptcy Court with respect thereto.
14 Prior to the close of any sale, assignment, transfer or other disposition of any interest in
15 any Estate Asset set forth on Exhibit A, the Debtor shall provide a copy of every written
16 offer to purchase any Estate Asset to: (1) Maggie Antarmain in care of Ara
17 Jabagchourian <ajabagchourian@cpmlegal.com>; and (2) John Walshe Murray
18 murray.john@dorsey.com and an opportunity to object to the proposed sale within five
19 (5) days of transmission of the notice. Notwithstanding the foregoing, the Debtor shall
20 have the right to seek, on an expedited basis, an order of the Bankruptcy Court
21 authorizing the sale of any Estate Asset free and clear of any liens encumbering that
22 Estate Asset pursuant to the provisions of Section 363(f) of the Bankruptcy Code, with
23 the jurisdiction of the Bankruptcy Court expressly reserved for that purpose. Notice of
24 any request for Bankruptcy Court approval of any such sale of an Estate Asset shall be
25 provided to the following entities: (i) Class 3 Creditors; (ii) the U.S. Trustee; (iii) any
26 person who has filed a request for special notice in the case; and (iv) any person

1 asserting a lien encumbering such asset. Objections to any such proposed sale shall
2 be filed as required by the notice to creditors or as required by the Local or Federal
3 Rules of Bankruptcy Procedure. In the event that no objection to the proposed sale is
4 timely filed, the sale shall be deemed approved, and an order may be entered by the
5 Bankruptcy Court approving the sale, without the need for further notice or hearing with
6 respect thereto. In the event that an objection to the proposed sale is timely filed, the
7 Debtor shall schedule the matter for hearing before the Bankruptcy Court and the
8 Bankruptcy Court will determine the merits of the objection.

9 **2. Post-Confirmation Management**

10 The Debtor will continue to oversee the management of her post-confirmation
11 financial affairs and will remain in possession of the Personal Residence, the non-cash
12 assets of the estate and all property claimed by the Debtor as exempt. The Debtor
13 received no compensation for the management of her financial affairs during the course
14 of the chapter 11 case and will receive no compensation for the management of her
15 post-confirmation financial affairs. The Plan Agent described in paragraph 3 below will
16 manage the cash assets that are Estate Assets.

17 **3. Plan Agent**

18 Robert F. Bicher & Associates shall act as the Plan Agent for the purpose of
19 (a) taking possession of and responsibility for all cash Estate Assets; (b) holding all
20 cash Estate Assets in trust for the beneficiaries of the Plan in segregated interest-
21 bearing depository account(s) at one or more financial institutions on the approved list
22 issued by the Office of the United States Trustee; (c) paying reasonable costs and
23 expenses for the preservation, maintenance, and protection of all Estate Assets,
24 including paying the reasonable compensation of the Plan Agent and of professionals
25 employed postconfirmation; (d) making all distributions provided for under the Plan;
26 (e) preparing quarterly reports regarding the Estate Assets; and (f) taking such other

1 and further action as required to implement the terms of the Plan after providing notice
2 and an opportunity to object to such proposed further action. The Plan Agent shall
3 serve with a bond and shall receive reasonable compensation at his customary hourly
4 rate for services rendered of \$295.00 and reimbursement of expenses incurred
5 pursuant to the Plan. The Plan Agent may employ Lori Ensley as a paraprofessional
6 to handle administrative and other services at her customary rate of \$195.00 per hour.
7 These hourly rates may be increased by written notice to the Debtor and parties
8 requesting special notice.

9 **4. Payment of Professional's Fees and Expenses After Confirmation**
10 **Date.**

11 Any professional employed by the Debtor after the Confirmation Date shall be
12 entitled to obtain payment of their reasonable fees and costs as a post-confirmation
13 expense of the Reorganized Debtor from Estate Assets without need for any further
14 order of the Bankruptcy Court. The professional shall submit to the Plan Agent, with
15 copies to (1) Maggie Antarmain in care of Ara Jabagchourian
16 <ajabagchourian@cpmlegal.com>; and (2) John Walshe Murray
17 murray.john@dorsey.com a written request for payment of professional fees and
18 reimbursement of costs with invoices detailing the professional fees earned and the
19 expenses incurred on behalf of the Reorganized Debtor. Objections, if any, to
20 payment of professional fees and reimbursement of costs shall be delivered by email
21 to the professional within five (5) days of transmission of the request for payment.
22 Notwithstanding the foregoing, the Debtor shall have the right to seek, on an
23 expedited basis, an order of the Bankruptcy Court authorizing the payment of
24 professional fees and reimbursement of costs upon reasonable notice to the persons
25 listed above.

5. Compromise of Claims or Controversies

The Debtor shall have the right to seek, on an expedited basis, an order of the Bankruptcy Court authorizing the compromise of Claims or controversies pursuant to the provisions of Rule 9019 of the Federal Rules of Bankruptcy Procedure, with the jurisdiction of the Bankruptcy Court expressly reserved for that purpose. Notice of any request for Bankruptcy Court approval of any such compromise shall be provided to the following entities: (i) Class 3 Creditors; (ii) the U.S. Trustee; (iii) any person who has filed a request for special notice in the Case; and (iv) Class 1 Creditor. Objections to any such proposed compromise shall be filed within fourteen (14) days after service of the notice of the proposed compromise. In the event that no objection to the proposed compromise is timely filed, the compromise shall be deemed approved, and an order may be entered by the Bankruptcy Court approving the compromise, without the need for further notice or hearing with respect thereto. In the event that an objection to the proposed compromise is timely filed, the Debtor shall schedule the matter for hearing before the Bankruptcy Court and the Bankruptcy Court will determine the merits of the objection.

6. Disputed Claims

In the case of any claim that is disputed by the Debtor or asserted by the Debtor as being contingent (a "Disputed Claim"), the holder of the Disputed Claim shall receive no distribution under the Plan unless: (a) such creditor timely filed a proof of claim prior to the bar date or (b) unless and until the Disputed Claim is allowed by a Final Order of the Bankruptcy Court that is not subject to an appeal or (c) the contingency has been resolved. Pending the entry of any Final Order not subject to an appeal determining the allowed amount of all Class 2 Disputed Claims, no distributions shall be made or allocable to such Disputed Claims. The cash Estate Assets shall be deposited into an interest-bearing segregated bank account, or multiple accounts at the discretion of the

1 Plan Agent ("Disputed Claims Reserve"). The Proof of Claim No. 5 filed by Vicken
2 Massoyan, et al and the Proof of Claim No. 7 filed by Cobalt Investments, LLC et al
3 shall both be deemed to be Disputed Claims. A list of Disputed Claims is attached
4 hereto as Exhibit B. After giving notice and an opportunity to object to (1) Maggie
5 Antarmain in care of Ara Jabagchourian <ajabagchourian@cpmlegal.com>; and (2)
6 John Walshe Murray murray.john@dorsey.com, the Plan Agent shall have authority to
7 make disbursements from the Disputed Claims Reserve to pay: (a) reasonable costs
8 and expenses for the preservation, maintenance, and protection of all Estate Assets,
9 including paying the reasonable compensation and expenses of the Plan Agent;
10 (b) distributions provided for under the Plan; (c) for preparing quarterly reports regarding
11 the Estate Assets; and (d) for taking such other and further action as required to
12 implement the terms of the Plan.

13 Within five (5) days after entry of the Final Order allowing a Disputed Claim the
14 amount reserved in the Disputed Claims Reserve on account of such Allowed Claim
15 shall be disbursed to the holder of such Allowed Claim, and any further distributions on
16 account of such Allowed Claim shall be paid directly to the holder of the Allowed Claim
17 in an aggregate amount not to exceed the amount of the Allowed Claim plus interest.

18 ///

19 ///

1
2 **7. Objections to Disputed Claims (including Proof of Claim No. 5 filed**
3 **by Vicken Massoyan et al and Proof of Claim No. 7 filed by**
4 **Cobalt Investments, LLC et al)**

5 The Debtor shall have the right to file and prosecute objections to any Disputed
6 Claims after the Confirmation Date. Objections to any Disputed Claim shall be filed by
7 sixty (60) days after the Effective Date. Litigation is pending between the Debtor and
8 Vicken Massoyan, et al and such action shall be **deemed to constitute an objection**
9 **to the Disputed Claim of Vicken Massoyan** without the need for the filing of any
10 further action in the Bankruptcy Court. The Bankruptcy Court may extend the time for
11 objecting to Disputed Claims for cause shown, upon motion made after such notice as
12 the Bankruptcy Court may deem appropriate.

13 The Debtor has filed an application to expand the scope of employment for
14 Callahan & Blaine A Professional Law Corporation, special litigation counsel to the
15 Debtor, to include filing and prosecuting an objection to Proof of Claim No. 7 filed by
16 Cobalt Investments LLC, et al. An objection to Proof of Claim No. 7 or a stipulation
17 between the Debtor and the claimants will be filed before the hearing to consider
18 confirmation of this Plan and, therefore, **the claim of Cobalt Investments, LLC shall**
19 **be deemed a Disputed Claim for purposes of this Plan.**

20 The Debtor has reviewed all of the claims in this case and has determined that
21 some of them will be subject to objection, and has so indicated in Exhibit B hereto. The
22 investigation into claims is ongoing and will continue after the Confirmation Date. As a
23 result, Creditors and parties-in-interest are hereby specifically advised that,
24 notwithstanding that the existence of any particular objection to Claim may not be listed,
25 disclosed or set forth in the Plan or Disclosure Statement, an objection to a Claim may

1 be filed against a claimant at any time, subject to the claims objections limitations set
2 forth hereinabove.

3 **8. Unclaimed Distributions**

4 Each Claimant shall provide to the Debtor written notice of any change of
5 address from the address of the Claimant set forth in the Schedules or in any Proof of
6 Claim filed by the Claimant. The Debtors shall be entitled to rely upon the address for
7 the Claimant set forth in the Schedules or in any Proof of Claim filed by the Claimant,
8 and shall not be required to perform any investigation or inquiry as to the proper
9 address for such Claimant if the address stated in the Schedules or in the Proof of
10 Claim is incorrect. Any unclaimed Distribution ("Unclaimed Distribution") provided for
11 under the Plan (which shall include (i) checks which have been returned as
12 undeliverable without a proper forwarding address, (ii) checks which were not mailed
13 or delivered because of the absence of a proper address to which to mail or deliver
14 the same or (iii) checks which remain unclaimed for a period of ninety (90) days) shall
15 be deposited by the Debtor into an unclaimed property reserve ("Unclaimed Property
16 Reserve") to be held in trust for the benefit of holders of Allowed Claims entitled
17 thereto under the terms of the Plan. For the earlier to occur of (i) one (1) year after an
18 Unclaimed Distribution is deposited into the Unclaimed Property Reserve or (ii) ninety
19 (90) days after the making of the Final Distribution to be made to any Creditor under
20 the Plan (the "Unclaimed Property Holding Period") such Unclaimed Distribution shall
21 be held in the Unclaimed Property Reserve for the benefit of the holders of Allowed
22 Claims who failed to previously claim such Unclaimed Distribution. Any holder of an
23 Allowed Claim entitled to an Unclaimed Distribution may request payment from the
24 Debtors or the Disbursing Agent; provided, however that after the expiration of the
25 Unclaimed Property Holding Period, such Unclaimed Distribution shall be refunded to
26 the Reorganized Debtor for her use to the extent still required under the Plan, and the

holders of Allowed Claims otherwise entitled to said Unclaimed Distribution shall
cease to be entitled thereto and their claims based thereon shall be deemed waived
and forever barred.

III.

TREATMENT OF MISCELLANEOUS ITEMS

A. Executory Contracts and Unexpired Leases

1. Assumptions

The following are the unexpired leases and executory contracts to be assumed
as obligations of the reorganized Debtor under this Plan: **Not Applicable**

On the Effective Date, each of the unexpired leases and executory contracts
listed above shall be assumed as obligations of the reorganized Debtor. The Order of
the Court confirming the Plan shall constitute an Order approving the assumption of each
lease and contract listed above. If you are a party to a lease or contract to be assumed
and you object to the assumption of your lease or contract, you must file and serve your
objection to the Plan within the deadline for objecting to the confirmation of the Plan. See
Section {I.B.3.} of the Disclosure Statement describing this Plan for the specific date.

2. Rejections

On the Effective Date, the following executory contracts and unexpired leases will
be rejected: **Not Applicable**

The order confirming the Plan shall constitute an order approving the rejection of
the lease or contract. If you are a party to a contract or lease to be rejected and you
object to the rejection of your contract or lease, you must file and serve your objection to
the Plan within the deadline for objecting to the confirmation of the Plan. See Disclosure
Statement for the specific date.

1 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM
2 ARISING FROM THE REJECTION OF A LEASE OR CONTRACT IS 30 days after the
3 Effective Date. Any claim based on the rejection of an executory contract or unexpired
4 lease will be barred if the proof of claim is not timely filed, unless the Court later orders
5 otherwise.

6 **B. Changes in Rates Subject to Regulatory Commission Approval**

7 This Debtor not subject to governmental regulatory commission approval of any
8 rates.

9 **C. Retention of Jurisdiction**

10 The Court will retain jurisdiction to the extent provided by law.

11 **IV.**

12 **EFFECT OF CONFIRMATION OF PLAN**

13
14 **A. Discharge**

15 This Plan provides that upon payment in full of proposed plan payments to the
16 holders of Allowed General Unsecured Claims, Debtor shall be discharged of liability for
17 payment of debts incurred before confirmation of the Plan, to the extent specified in
18 11 U.S.C. § 1141. However, any liability imposed by the Plan will not be discharged.

19 **B. Revesting of Property in the Debtor**

20 Except as provided in Section {IV.E.}, and except as provided elsewhere in the
21 Plan, the confirmation of the Plan revests all of the property of the estate in the Debtor.

22 **C. Modification of Plan**

23 The Proponent of the Plan may modify the Plan at any time before confirmation.
24 However, the Court may require a new disclosure statement and/or revoting on the Plan
25 if proponent modifies the plan before confirmation.

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

4 **D. Post-Confirmation Status Report**

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

11 **E. Quarterly Fees**

12 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall
13 be paid to the United States Trustee on or before the effective date of the plan. Quarterly
14 fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United
15 States Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or
16 entry of an order of dismissal or conversion to chapter 7.

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

18 A creditor or party in interest may bring a motion to convert or dismiss the case
19 under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan.
20 If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all
21 property that had been property of the Chapter 11 estate, and that has not been
22 disbursed pursuant to the Plan, will revert in the Chapter 7 estate, and the automatic
23 stay will be reimposed upon the revested property only to the extent that relief from stay
24 was not previously granted by the Court during this case.

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3 **G. Final Decree**

4 Once the estate has been fully administered as referred to in Bankruptcy
5 Rule 3022, the Plan Proponent, or other party as the Court shall designate in the Plan
6 Confirmation Order, shall file a motion with the Court to obtain a final decree to close the
7 case.

8
9 DATE: February 4, 2013

10
11 
12 Kathleen Joan Otto
13 Debtor and Debtor-in-Possession

14
15 APPROVED AS TO FORM AND CONTENT:

16
17 BROKER & ASSOCIATES
18 PROFESSIONAL CORPORATION

19 By: 

20 Jeffrey W. Brokel
21 Pamela J. Zylstra
22 General Reorganization Counsel for Debtor
23 and Debtor-in-Possession
24
25
26
27
28

EXHIBIT A – LIST OF ASSETS TO BE SOLD TO FUND THE PLAN

<u>DESCRIPTION OF ASSET</u>	<u>LIENS OR CLAIMS (IF ANY)</u>	<u>ESTIMATE OF GROSS VALUE</u>
<u>Real Property</u> Personal residence 49355 Sunrose Lane, Palm Desert, California 92260 APN # 655290017-9	Total: \$525,000.00 (estimated) (1) U.S. Bank Secured claim of \$350,000.00 (estimated) (2) Homestead exemption Claim of exemption by Debtor \$175,000	\$1,700,000.00
<u>Personal Property</u> Motor vehicle 2006 Aston Martin DB9 convertible	No known claims asserted	\$90,000.00
<u>Personal Property</u> Jewelry (list attached as supplement)	No known claims asserted	\$193,000.00

SUPPLEMENT TO EXHIBIT A

LIST OF JEWELRY

<u>DESCRIPTION OF ITEM</u>	<u>ESTIMATED RESALE VALUE</u>
<u>Ladies jewelry</u>	
1. Platinum 3 diamond cocktail ring; 8.2 carat center diamond with 2.04 carat diamond and 2.0 carat diamond on either side	\$90,000.00
2. 18k gold necklace and earrings (classic design) with emeralds (12.76 carats) and diamonds (27.88 carats)	\$30,000.00
3. Black onyx and diamond necklace and bracelet set with white gold. Necklace has diamonds (12.83 carats) and bracelet has diamonds (11.88 carats)	\$13,000.00
<u>Watches</u>	
4. Men's Audemars Piguet jump hour minute repeater watch	\$30,000.00
5. Men's yellow gold ring with diamond	\$14,000.00
6. Men's 18k IWC Schaffhausen "Dopple Chronograph" watch with black dial	\$11,000.00
7. Men's Breitling Chronograph watch	\$3,000.00
8. Men's Breitling emergency malfunction watch	\$1,000.00
9. Women's Cartier "two time zone" watch	\$1,000.00
TOTAL	\$193,000.00

EXHIBIT B – LIST OF DISPUTED CLAIMS

<u>NAME OF CLAIMANT</u>	<u>PROOF OF CLAIM</u>	<u>STATUS OF DISPUTE</u>
Vicken Massoyan, et al	Proof of Claim No. 5 filed on 8/09/12 in the amount of \$116,626,022.38	Litigation is pending between the Debtor and Vicken Massoyan, et al and such action shall be <u>deemed to constitute an objection to the Disputed Claim of Vicken Massoyan</u> without the need for the filing of any further action in the Bankruptcy Court. <u>The claim of Vicken Massoyan et al is deemed a Disputed Claim.</u>
Cobalt Investments, LLC et al	Proof of Claim No. 7 filed on 8/28/12 in the amount of \$700,000.00	The Debtor has filed an application to expand the scope of employment of special litigation counsel to include filing an objection to Proof of Claim No. 7 filed by Cobalt Investments LLC, et al. <u>The claim of Cobalt Investments, LLC et al is deemed a Disputed Claim.</u>

EXHIBIT C – EXEMPT ASSETS

<u>DESCRIPTION OF EXEMPT ASSET</u>	<u>CLAIM OF EXEMPTION</u>	<u>ESTIMATE OF VALUE OF DEBTOR'S INTEREST</u>
Personal residence 49355 Sunrose Lane, Palm Desert, California 92260 APN # 655290017-9 Homestead exemption	C.C.P. § 704.730(a)(2)	\$175,000.00
Motor vehicle 2007 GMC Acadia	C.C.P. § 704.010	\$2,725.00
Household goods and furnishings and wearing apparel	C.C.P. § 704.020	\$7,810.00
Jewelry a. Pearl necklace, ring and earrings (not a matched set) \$2,000.00 (est value) b. 18k gold band ring with diamonds (2 carats) and emeralds (3.2 carats) \$2,000.00 (est value) c. 14k gold bangle bracelet with diamonds (2.4 carats) \$1,000.00 (est value) d. One women's and one men's Corum watch with Rolls Royce grille design \$2,000.00 (est value)	C.C.P. § 704.040	\$7,175.00

EXHIBIT C – EXEMPT ASSETS (continued)		
<u>DESCRIPTION OF EXEMPT ASSET</u>	<u>CLAIM OF EXEMPTION</u>	<u>ESTIMATE OF VALUE OF DEBTOR'S INTEREST</u>
Benefits from matured life insurance policy Life Insurance Policy Immediate benefit acct No. 10032340 Protective Life Insurance Company Insured: John Otto Date cashed: 6/24/09; 8/07/09; 1/15/10 Cash (Chase Safety Deposit Box)(prepetition) DIP account: Wells Life Insurance Proceeds a. Account No. #3 - 6530 b. Account No. #4 – 5463	C.C.P. § 704.100	\$131,120.00
Benefits from matured life insurance policy Immediate benefit acct No. 10032340 Protective Life Insurance Company Insured: John Otto Date cashed: 4/26/12 (balance of life insurance proceeds plus interest) Deposit Account (Chase Savings 8135)(prepetition) DIP account: Chase Life Insurance Proceeds Account No. #2 – 9453	C.C.P. § 704.100	\$56,816.81
IRA (Thrivent Financial for Lutherans) Acct No. LC4786725 Cash surrender value as of 4/16/12	11 U.S.C. § 522(b)(3)(C)	\$285,932.15

EXHIBIT D – PLAN DEFINITIONS

A term used in the Plan that is not defined below but is used or defined in the Bankruptcy Code and will have the meaning ascribed to such term in the Bankruptcy Code. The following terms when used in the Plan shall have the meanings specified below.

1. "Allowed Claim" means any Claim, in whole or part, proof of which was timely and properly filed with the Court, or, if no proof of claim was filed which has been listed by the Debtor on her schedules filed under Bankruptcy Code Section 521(1) as liquidated in amount and not disputed or contingent, provided that a timely filed proof of claim shall supersede the scheduling of such claim; and as to which (i) no objection to the allowance thereof has been timely filed on or before the Claims Objection Date or such other applicable period of limitation fixed by the Court, or (ii) any objection has been withdrawn or has been denied in whole or part (in which case only the allowed portion of such Claim) by a Final Order of the Court; or (b) based on an application of a professional person to the extent such application is approved by a Final Order of the Court or, for postconfirmation services, by the Debtor.
2. "Claim" means any right (a) to payment from the Debtor as Debtor or Debtor in Possession, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor as Debtor or Debtor in Possession, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.
3. "Claimant" means the holder of a Claim.
4. "Confirmation Date" means the latter of: (a) the first Business Day after the expiration of time for an appeal of the Confirmation Order, provided that no appeal of the Confirmation Order has been timely filed; or (b) the first Business Day after the expiration of the time to seek further appeal of the Confirmation Order, in the event that an appeal of the Confirmation Order has been filed and a stay of the confirmation Order pending appeal has been granted; or (c) the first business day after the expiration or termination of any stay pending appeal.
5. "Confirmation Order" means the order entered by the Court confirming the Plan pursuant to Bankruptcy Code Section 1129.
6. "Creditor" means any entity that is the holder of (i) a Claim that arose on or before the Petition Date; or (ii) a Claim of the kind specified in Bankruptcy Code Sections 502(g), 502(h), or 502(i).
7. "Disputed Claim" means any claim that is listed as contingent or unliquidated in the schedules filed by the Debtor and/or to which the Debtor has filed an objection and/or which is deemed disputed by the Plan.

8. "Effective Date" means the thirtieth (30th) day, which is also a business day, after the Confirmation Date.
9. "Estate Assets" mean those real property and personal property assets that were listed in the schedules filed by the Debtor and which assets were not the subject of a claim of exemption by the Debtor.
10. "Exempt Assets" mean those real property and personal property assets that were listed in the schedules filed by the Debtor and which assets were the subject of a claim of exemption by the Debtor and are listed on Exhibit C.
11. "Final Order" means an order or judgment of a court as to which (a) the time for an appeal has expired and no appeal has been timely filed; or (b) any appeal that has been taken has been finally determined or dismissed and the time for any further appeal has expired.
12. "Personal Residence" means residential real estate owned by the Debtor and commonly identified as 49355 Sunrose Lane, Palm Desert, California 92260.
13. "Plan Agent" means Robert F. Bicher & Associates.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

18111 Von Karman, Suite 460, Irvine, CA 92612

A true and correct copy of the foregoing document entitled (*specify*): DEBTOR'S FIRST AMENDED CHAPTER 11 PLAN will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) February 4, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

COUNSEL FOR DEBTOR:	Jeffrey W Broker	jbroker@brokerlaw.biz
Request for Courtesy Notice:	Regis Guerin	efilings@amlegalgroup.com
COUNSEL FOR MASSOYAN:	Doris A Kaelin	dkaelin@murraylaw.com
COUNSEL FOR RIVERSIDE CTY:	Martha E Romero	Romero@mromerolawfirm.com
UST:	Kelly L Morrison	Kelly.L.morrison@usdoj.gov
United States Trustee (RS)	ustpreion16rs.ecf@usdoj.gov	
Request for Courtesy Notice:	Pamela Jan Zylstra	zylstralaw@gmail.com

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) February 4, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Office of the United States Trustee, attn Michael Bujold, 3801 University Ave., Suite 720, Riverside, CA 92501

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) February 4, 2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Personal Service: The Honorable Meredith A. Jury, 3420 Twelfth Street, Suite 325, Courtroom 301, Riverside, CA 92501
Email Service: Doris Kaelin, counsel for objecting creditors: <dkaelin@MURRAYLAW.com>

☐ Service information continued on attached page

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

2/04/13

Myra Blunt

Date

Printed Name

Signature

