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7
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Debtor and Debtor in Possession

9
10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION**

12 In re

13 AFC ACQUISITION CORP.,
14 a Delaware corporation, dba American
Home, American Warehouse Plus, and
15 American Furniture Company,

16 Debtor.

17 Tax Id #20-3499575
18

Case No. 2:08-bk-28517-BR

Chapter 11

**DEBTOR'S SECOND AMENDED PLAN OF
REORGANIZATION**

DATE: July 14, 2009

TIME: 10:00 a.m.

PLACE: U.S. Bankruptcy Court
Courtroom 1668
255 East Temple Street
Los Angeles, CA 90012

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1 AFC Acquisition Corp., debtor and debtor in possession, proposes the
2 following plan of reorganization pursuant to chapter 11 of the Bankruptcy Code:

3 I.

4 **DEFINITIONS**

5 For the purposes of this Plan, the following terms shall have the meanings
6 specified below. Any term used in the Plan that is not defined herein, but that is defined
7 in the Code or the Bankruptcy Rules shall have the meaning assigned to that term in the
8 Bankruptcy Code or the Bankruptcy Rules.

9 1.1 "Administrative Claim" means any Claim, including but not limited
10 to claims for compensation of professionals made pursuant to section 330 of the
11 Code, entitled to priority treatment under section 507(a)(2) of the Code.

12 1.2 "Administrative Priority Reclamation Claim" means a Claim that
13 is entitled to priority treatment under sections 503(b)(9) and 507(a)(2) of the Code.

14 1.3 "AFC" means the Debtor, AFC Acquisition Corp., a Delaware
15 corporation.

16 1.4 "Allowed Administrative Claim" means an Administrative Claim
17 that is an Allowed Claim.

18 1.5 "Allowed Administrative Priority Reclamation Claim" means an
19 Administrative Priority Reclamation Claim that is an Allowed Claim.

20 1.6 "Allowed Claim" means any Claim in the amount and
21 classification set forth in a proof of claim filed with the Court within the time fixed
22 by the Court, or in the absence of such filing, as set forth in the Debtor's schedules
23 of liabilities filed in the Case, unless the Claim was listed in the schedules as
24 disputed, contingent or unliquidated, in any event as to which no objection to the
25 allowance thereof has been interposed within the applicable period fixed in the
26 Plan or the Confirmation Order, or as to which any such objection has been
27 determined by an order of the Court providing for allowance. Multiple proofs of
28 claim of the same Class filed by a Creditor shall be aggregated and shall

1 constitute a single Claim. The allowance of Administrative Claims shall be
2 governed by the applicable provisions of the Code.

3 1.7 "Allowed General Unsecured Claim" means a General
4 Unsecured Claim that is an Allowed Claim.

5 1.8 "Allowed Priority Claim" means a Priority Claim that is an
6 Allowed Claim.

7 1.9 "Allowed Secured Claim" means a Secured Claim that is an
8 Allowed Claim.

9 1.10 "Allowed HPC Subordinated Loan Claims" means an HPC
10 Subordinated Loan Claim that are Allowed Claims.

11 1.11 "Allowed Tax Claim" means a Tax Claim that is an Allowed
12 Claim.

13 1.12 "Appendix of New Corporate Documents" means the
14 compilation of documents containing the Bylaws, Certificate of Incorporation,
15 Shareholder Agreement, and Post-Confirmation Line of Credit and HPC Secured
16 Claim documentation to be filed with the Court as an appendix in connection with
17 the Plan.

18 1.13 "Bankruptcy Rules" means the Federal Rules of Bankruptcy
19 Procedure and any amendments thereof.

20 1.14 "Bar Date" means March 16, 2009, the last day for filing proofs
21 of claim against the Debtor, including reclamation claims under Section 503(b)(9)
22 of the Bankruptcy Code as fixed by order of the Court. Notwithstanding the
23 foregoing, in the event that a Creditor asserts that it did not receive notice of the
24 Bar Date and the Debtor agrees with such an assertion and/or the Court
25 determines that the Creditor did not have appropriate notice, and the Creditor
26 receives notice of the hearing on Confirmation of the Plan, in order for the Creditor
27 to preserve any right to assert a Claim against the Debtor or the Estate, the
28 Creditor must file a proof of claim with the Court and serve a copy of said proof of

1 claim on bankruptcy counsel for the Debtor no later than thirty (30) days following
2 the Confirmation Date. Further, in the event that the Debtor amends its
3 bankruptcy schedules after the Bar Date in a manner that results in a claim listed
4 on the bankruptcy schedules being reduced or no longer being deemed allowed,
5 any such claimant who has not otherwise previously filed a proof of claim desiring
6 to assert a claim in a greater amount than reflected in the amended bankruptcy
7 schedules or, in the case of a claim that is no longer deemed allowed, desiring to
8 assert an allowable claim, shall file a proof of claim with the Court not later than
9 thirty days following the Confirmation Date.

10 1.15 "Blaugrund" means Lee Blaugrund, a Creditor of and an Equity
11 Holder in the Debtor.

12 1.16 "Blaugrund Subordinated Loan Claims" means the Claims of
13 Blaugrund against the Debtor based upon subordinated (subordinated to the
14 Debtor's obligations owing to WFRF) unsecured loans made to the Debtor prior to
15 the Petition Date.

16 1.17 "Business Day" means any day which is not a Saturday, a
17 Sunday, or a "legal holiday," as defined in Bankruptcy Rule 9006(a).

18 1.18 "Bylaws" means the Reorganized Debtor's amended and
19 restated bylaws which shall become effective on the Effective Date of the Plan.
20 The Bylaws are included in the Appendix of New Corporate Documents to be filed
21 with the Court in connection with the Plan.

22 1.19 "Case" means the chapter 11 bankruptcy reorganization case
23 of the Debtor, designated as Case No. 2:08-bk-28517-BR, pending before the
24 Court.

25 1.20 "Certificate of Incorporation" means the Reorganized Debtor's
26 certificate of incorporation which will become effective on the Effective Date of the
27 Plan. The Certificate of Incorporation is included in the Appendix of New
28 Corporate Documents filed with the Court in connection with the Plan.

1 1.21 "Claim" means any right to payment, whether or not such right
2 is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured,
3 unmatured, disputed, undisputed, legal, equitable, secured or unsecured, as
4 defined in section 101(5) of the Code.

5 1.22 "Class" means a grouping of Claims or Interests as designated
6 in Section V of the Plan.

7 1.23 "Code" means the Bankruptcy Code, 11 U.S.C. § 101 et seq.,
8 and any amendments thereof that are applicable in the Case.

9 1.24 "Committee" means the official committee of creditors holding
10 unsecured claims appointed in the Case.

11 1.25 "Common Shareholders" means the holders of Common Stock
12 of the Debtor.

13 1.26 "Common Stock" means the Debtor's common stock and any
14 warrant or right to purchase, sell or subscribe to Common Stock.

15 1.27 "Confirmation" means the entry of an order by the Court
16 confirming the Plan at or after hearing pursuant to section 1129 of the Code.

17 1.28 "Confirmation Date" means the date of entry of an order of the
18 Court confirming the Plan.

19 1.29 "Confirmation Hearing" means the hearing(s) conducted by the
20 Court with regard to Confirmation of the Plan.

21 1.30 "Confirmation Order" means the order of the Court confirming
22 (approving) the Plan.

23 1.31 "Contingent Payments" means the payment(s), if any, to be
24 made to the holders of Allowed Claims in Class 4 under the Plan based on the
25 Debtor's operating results, as set forth in the Plan, for each of the three years
26 following the Effective Date.

27 1.32 "Court" means the United States Bankruptcy Court for the
28 Central District of California, Los Angeles Division, before which the Case is

1 pending or, in the event such court ceases to exercise jurisdiction over the Case,
2 such court or adjunct or unit thereof that exercises jurisdiction over the Case in lieu
3 of the United States Bankruptcy Court for the Central District of California, Los
4 Angeles Division.

5 1.33 "Cramdown" means the Court's Confirmation of the Plan when
6 an Impaired Class fails to accept the Plan.

7 1.34 "Creditor" means an entity with a Claim against the Debtor or
8 the Estate.

9 1.35 "Cure Amount" means the amount to be paid by the
10 Reorganized Debtor with respect to the assumption of an executory contract or
11 unexpired lease pursuant to the Plan and in accordance with section 365 of the
12 Code. The Cure Amount may be less than the amount required under section 365
13 of the Code if the non-Debtor party to the executory contract or unexpired lease
14 consents to payment of a lesser amount.

15 1.36 "Debt" means liability on a Claim.

16 1.37 "Debtor" means AFC Acquisition Corp., a Delaware
17 corporation.

18 1.38 "Disbursing Agent" means the Reorganized Debtor.

19 1.39 "Disclosure Statement" means the Debtor's Second Amended
20 Disclosure Statement for Debtor's Second Amended Plan of Reorganization approved by
21 order of the Court.

22 1.40 "Disputed Claims" means Claims against the Debtor or the
23 Estate as to which an objection has been filed no later than ninety (90) days after
24 the Effective Date (or such later date as may be fixed by the Court) and which
25 objection has not been withdrawn or resolved by the entry of a Final Order.

26 1.41 "Distribution(s)" means the property (including payments)
27 required by the Plan to be provided to the holders of Allowed Claims.

28

1 1.42 "Effective Date" means the first Business Day thirty (30) days
2 after the Confirmation Order becomes a Final Order.

3 1.43 "Estate" means the bankruptcy estate created upon
4 commencement of the Case pursuant to section 541(a) of the Code.

5 1.44 "Equity Holder" or "Equity Interest Holder" means the holder of
6 an Equity Interest in the Debtor.

7 1.45 "Equity Interest" means an equity security interest (Common
8 Stock or any other ownership interest) in the Debtor and any warrant or right to
9 purchase, sell or subscribe to an Equity Interest.

10 1.46 "Equity Interest Related Claim" means any Claim against the
11 Debtor arising from the purchase or sale of an Equity Interest in the Debtor, or any
12 claim against the Debtor by an entity that asserts equitable or contractual rights of
13 reimbursement, contribution or indemnification arising from such Claim. Equity
14 Interest Related Claims are limited to Claims that are subordinated under section
15 510(b) of the Code.

16 1.47 "Final Order" means an order of the Court that has been
17 entered and either:

18 1.47.1 The time for appeal from such entered order has expired with
19 no appeal having been filed timely; or

20 1.47.2 Any appeal that had been filed timely has been dismissed or
21 otherwise finally determined.

22 1.48 "Fixed Payments" means the Distributions to be made to the
23 holders of Allowed Claims in Class 4 under the Plan without regard to the
24 Reorganized Debtor's operating results.

25 1.49 "General Unsecured Claims" means all Unsecured Claims
26 against the Debtor, except for Administrative Claims and Tax Claims and except
27 for Claims that are included in Class 2, Class 3, or Class 6 under the Plan.

28

1 1.50 "General Unsecured Creditors" means the holders of General
2 Unsecured Claims.

3 1.51 "HPC III Secured Claim" means the Claim of HPC against the
4 Debtor resulting from WFRF's application of cash collateral in the principal sum of
5 \$1,600,000 provided by HPC III in paying off the Debtor's obligations to WFRF.

6 1.52 "HPC Subordinated Loan Claims" means the HPC II
7 Subordinated Loan Claims and the HPC III Subordinated Loan Claims,
8 collectively.

9 1.53 "HPC II Subordinated Loan Claims" means the Claims of HPC
10 II against the Debtor based on subordinated (subordinated to the Debtor's
11 obligations to WFRF) unsecured loans made to the Debtor prior to the Petition
12 Date.

13 1.54 "HPC III Subordinated Loan Claims" means the Claims of HPC
14 III against the Debtor based on subordinated (subordinated to the Debtor's
15 obligations to WFRF) unsecured loans made to the Debtor prior to the Petition
16 Date.

17 1.55 "HPC II" means Hancock Park Capital II, L.P.

18 1.56 "HPC III" means Hancock Park Capital III, L.P.

19 1.57 "Impaired" shall have the meaning provided in section 1124 of
20 the Code.

21 1.58 "Lien" has the meaning provided by section 101(37) of the
22 Code.

23 1.59 "New Common Stock" means the common stock in
24 Reorganized AFC to be issued pursuant to the Plan.

25 1.60 "New Corporate Documents" means the Certificate of
26 Incorporation, Bylaws, Shareholder Agreement, and Post-Confirmation Line of
27 Credit and HPC Secured Claim documentation. The New Corporate Documents
28

1 are contained in the Appendix of New Corporate Documents to be filed with the
2 Court in connection with the Plan.

3 1.61 "New Equity" or "New Equity Interest" means the New Common
4 Stock in Reorganized AFC to be issued pursuant to the Plan.

5 1.62 "New Equity Holders" means the Persons to whom New
6 Common Stock and/or New Preferred Stock will be issued pursuant to the Plan.

7 1.63 "Person" means any individual, corporation, general
8 partnership, limited partnership, limited liability company, association, joint stock
9 company, joint venture, estate, trust, government or political subdivision,
10 governmental unit, official committee appointed by the United States Trustee,
11 unofficial committee of creditors, or any other entity.

12 1.64 "Petition Date" means November 2, 2008, the date on which
13 the Debtor filed its chapter 11 petition commencing the Case.

14 1.65 "Plan" means this Debtor's Chapter 11 Plan in its present form
15 or as it may be amended, modified or supplemented.

16 1.66 "Post-Confirmation Line of Credit" means the line of credit to be
17 extended by HPC III to the Debtor as of the Effective Date pursuant to the terms
18 set forth in the Plan.

19 1.67 "Post-Confirmation Trade Credit" means credit extended to the
20 Reorganized Debtor by parties providing goods or services following the Effective
21 Date.

22 1.68 "Priority Claim" means any claim entitled to priority treatment
23 pursuant to section 507 of the Code, except for Administrative Claims and Tax
24 Claims.

25 1.69 "Property of the Estate" has the meaning provided by section
26 541 of the Code.

27 1.70 "Pro Rata" means proportionately so that the ratio of the
28 amount of the Distribution made on account of a particular allowed Claim to the

1 Distributions made on account of all Allowed Claims of the Class in which the
2 particular Allowed Claim is included is the same as the ratio of the amount of such
3 particular Allowed Claim to the total amount of Allowed Claims of the Class of
4 which such particular Allowed Claim is included.

5 1.71 "Reorganized Debtor" means the Debtor on and following
6 Effective Date.

7 1.72 "Reorganized AFC" means the Reorganized Debtor.

8 1.73 "Secured Claim" means a Claim that is secured by a Lien on
9 Property of the Estate.

10 1.74 "Secured Creditor" means an entity with a Secured Claim
11 against the Debtor.

12 1.75 "Shareholder Agreement" means the Reorganized Debtor's
13 Shareholder Agreement which shall be effective on the Effective Date of the Plan.
14 The Shareholder Agreement is included in the Appendix of New Corporate
15 Documents filed with the Court in connection with the Plan.

16 1.76 "Subordinated Note" means the promissory note to be issued to
17 the holder of the Allowed Class 1 Claim under the Plan.

18 1.77 "Subordinated Loan Claims" means Blaugrund Subordinated
19 Loan Claims, HPC II Subordinated Loan Claims, and HPC III Subordinated Loan
20 Claims, collectively.

21 1.78 "Subordination Agreement" means the document setting forth
22 the terms of the subordination of the Allowed Claim in Class 1 under the Plan.

23 1.79 "Substantial Consummation" has the meaning provided in
24 section 1101(2) of the Code.

25 1.80 "Tax Claim" means a Claim entitled to priority treatment
26 pursuant to section 507(a)(8) of the Code.

27 1.81 "Unclaimed Property" means any Distributions which are
28 unclaimed 120 days following the date of distribution. Unclaimed Property shall

1 include (a) checks (and the funds represented thereby) which have been returned
2 as undeliverable without a proper forwarding address, (b) funds for checks which
3 have not been paid, (c) checks (and the funds represented thereby) which were
4 not mailed or delivered because of the absence of a proper address with which to
5 mail or deliver such property, and (d) interest on cash constituting Unclaimed
6 Property.

7 1.82 "Unimpaired" means that the Class is treated under the Plan in
8 accordance with section 1124(1) of the Code.

9 1.83 "Unsecured Claim" means a Claim that is not secured by any
10 Lien on Property of the Estate.

11 1.84 "Unsecured Creditors" means the holders of Unsecured Claims.

12 1.85 "WFRF" means Wells Fargo Retail Finance, LLC, the Debtor's
13 prepetition secured lender.

14 II.

15 CONSTRUCTION

16 2.1 Where not inconsistent or in conflict with the provisions of the Plan, the
17 words and phrases used in the Plan shall have the meanings provided in the Code or the
18 Bankruptcy Rules.

19 2.2 Section captions used in the Plan are for convenience only, and shall
20 not affect the construction of the Plan.

21 2.3 The first letters of terms defined in the Plan are capitalized.

22 III.

23 CERTAIN GENERAL TERMS AND CONDITIONS

24 The following general terms and conditions apply to this Plan:

25 3.1 To the extent any Claim or portion of any Claim of a Creditor is a
26 Disputed Claim, or is otherwise contingent or unliquidated, or has not been allowed by
27 the Court, the Disbursing Agent may either reserve and segregate such Distribution
28 under the Plan as is sufficient to provide for each of such Claims under the Plan, ask the

1 Court to determine an appropriate reserve, or ask the Court to estimate for purposes of
2 allowance any contingent or unliquidated Claim which would otherwise delay the
3 administration of the Case.

4 3.2 Pursuant to section 1123 of the Code, Section V of the Plan designates
5 seven (7) classes of Claims and Equity Interests. As set forth below, Administrative
6 Claims, and Tax Claims of the kind specified in sections 507(a)(1) and 507(a)(8) of the
7 Code, have not been classified and are excluded from the classes set forth in Section V
8 of the Plan, in accordance with section 1123(a)(1) of the Code. A Claim shall be deemed
9 classified in a particular Class only to the extent that the Claim qualifies within the
10 description of that Class and shall be deemed classified in a different Class to the extent
11 that any remainder of the Claim qualifies within the description of such different Class. A
12 Claim is in a particular Class only to the extent that the Claim is an Allowed Claim in that
13 Class. Multiple proofs of claim filed by a Creditor which qualify for inclusion within the
14 same Class shall be aggregated and, if allowed, shall constitute a single Allowed Claim.

15 IV.

16 **ADMINISTRATIVE EXPENSES AND UNCLASSIFIED CLAIMS**

17 4.1 Administrative Claims in General. Except as otherwise specifically set
18 forth below, the holders of Allowed Administrative Claims entitled to priority under section
19 507(a)(2) of the Code, and entities entitled to payment of administrative expenses
20 pursuant to sections 503 and 507(a) of the Code shall receive on account of such
21 Allowed Claims or administrative expenses cash in the amount of such Allowed Claims or
22 administrative expenses on or before the Effective Date of the Plan or as soon thereafter
23 as is practicable.

24 4.2 Claims of Professionals Employed in the Case or Otherwise Asserted
25 Under Sections 503(b)(2)-(6) of the Code. Notwithstanding the foregoing, professionals
26 employed at the expense of the Estate, and entities, if any, entitled to an allowance of
27 fees and expenses from the Estate pursuant to sections 503(b)(2) through (6) of the
28 Code, shall receive cash in the amount awarded to such professionals and entities as

1 soon as practicable after an order is entered by the Court approving such award pursuant
2 to sections 330 or 503(b)(2) through (6) of the Code, unless any such professional or
3 other entity consents prior to Confirmation to other treatment.

4 4.3 Reclamation Claims Entitled to Section 503(b)(9) Administrative Status.

5 Holders of Allowed Administrative Priority Reclamation Claims entitled to priority under
6 sections 503(b)(9) and 507(a)(2) of the Code will be paid in full on account of such
7 Allowed Claims as soon as practicable following the Effective Date.

8 4.4 Tax Claims. Holders of Allowed Tax Claims entitled to priority under
9 section 507(a)(8) of the Code will receive on account of such Allowed Claims regular
10 installment payments in cash of a total value, as of the Effective Date, equal to the
11 allowed amount of such claims. Such installment payments will be made in six equal
12 installments as follows: (1) first installment (60 days after the Effective Date); (2) second
13 installment (one year following the Effective Date); (3) third installment (two years
14 following the Effective Date); (4) fourth installment (three years following the Effective
15 Date); (5) fifth installment (four years following the Effective Date); and (6) sixth
16 installment (five years following the Petition Date). Interest on the unpaid balance will be
17 paid and included in the installment payments at the rate determined under applicable
18 nonbankruptcy law in accordance with Section 511 of the Code.

19 V.

20 **DESIGNATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS**

21 Claims and Equity Interests are classified under the Plan as follows:

22 5.1 Class 1 (HPC III Secured Claim). Allowed Secured Claim of HPC III.

23 5.2 Class 2 (Priority Claims). Allowed Priority Claims.

24 5.3 Class 3 (HPC Subordinated Loan Claims). Allowed HPC Subordinated
25 Loan Claims.

26 5.4 Class 4 (General Unsecured Claims). Allowed General Unsecured
27 Claims.

28 5.5 Class 5 (Equity Interests). Equity Interests in the Debtor.

1 receive on a Pro Rata basis, as of the Effective Date of the Plan, New Common Stock in
2 the Reorganized Debtor. The nature and rights of the New Equity Interests shall be
3 governed by the Certificate of Incorporation, Bylaws, and Shareholder Agreement.

4 7.3 Class 4 (General Unsecured Creditors). On account of their Allowed
5 Claims and in full satisfaction thereof, the holders of Allowed General Unsecured Claims
6 shall receive Distributions on a Pro Rata basis from the Fixed Payments and the
7 Contingent Payments, as follows: (1) Fixed Payments amounting to \$1,300,000 to be
8 paid in nine (9) installments, with the initial payment of \$500,000 to be made on the
9 Effective Date and the subsequent payments of \$100,000 each to be made on the day
10 falling 6, 9, 12, 15, 18, 21, 24 and 27 months following the Effective Date; and (2)
11 Contingent Payments, if any, calculated for the initial six (6) month period following the
12 Effective Date equal to the product of (i) the amount, if any, by which the Reorganized
13 Debtor's gross revenues exceed \$16.5 million for the first six (6) month period following
14 the Effective Date, and (ii) five percent (5%), and calculated for each of the subsequent
15 two (2) twelve (12) month periods (6 – 18 months and 18 – 30 months following the
16 Effective Date) equal to the product of (i) the amount, if any, that the Reorganized
17 Debtor's gross revenues exceed \$33,000,000 for the subject twelve (12) month period,
18 and (ii) five percent (5%). Contingent Payment rights, if any, will be calculated and paid
19 by the Disbursing Agent to the members of Class 4 holding Allowed Claims separately for
20 each of the three periods referenced above following the Effective Date and will terminate
21 at the end of the twelve (12) month period concluding thirty (30) months following the
22 Effective Date. In order to secure the Reorganized Debtor's obligations to make the
23 Fixed Payments and the Contingent Payments, if any, in accordance with the Plan, the
24 Committee shall be granted a subordinate security interest on behalf of all holders of
25 Allowed General Unsecured Claims in all assets of the Reorganized Debtor. Such
26 security interest shall be subordinate to (i) security interests granted in favor of the holder
27 of the Class 1 Claim under the Plan (HPC III), (ii) the security interests granted in
28 connection with the Post-Confirmation Line of Credit to be extended by HPC III, and (iii)

1 any subsequent security interest granted in connection with financing necessary to fund
2 the Reorganized Debtor's operations.

3 **VIII.**

4 **TREATMENT OF (NONVOTING) CLASSES IMPAIRED UNDER THE PLAN**

5 8.1 Class 5 (Equity Interests). All Equity Interests in the Debtor shall be
6 cancelled, annulled and extinguished as of the Effective Date of the Plan. The holders of
7 Equity Interests in the Debtor shall not receive or retain anything under the Plan on
8 account of such Equity Interests.

9 8.2 Class 6 (Equity Interest Related Claims). Each holder of an Equity
10 Interest Related Claim shall not receive or retain anything under the Plan on account of
11 such Claims.

12 **IX.**

13 **ACCEPTANCE OR REJECTION OF THE PLAN**

14 9.1 Impaired Classes of Claims Entitled to Vote. Classes 1 (HPC III
15 Secured Claim), 3 (Subordinated Loan Claims), and 4 (General Unsecured Creditors) are
16 Impaired and shall be entitled to vote to accept or reject the Plan.

17 9.2 Classes Deemed to Accept the Plan. Classes 2 and 7 are Unimpaired.
18 Pursuant to section 1126(f) of the Code, Class 2 and Class 7 are conclusively presumed
19 to have accepted the Plan. The votes of the holders of Claims in Classes 2 and 7 will
20 therefore not be solicited.

21 9.3 Classes Deemed to Reject the Plan. Holders of Equity Interests and
22 Equity Interest Related Claims in Class 5 (Equity Interests) and Class 6 (Equity Interest
23 Related Claims) shall not receive any Distribution or retain any property or rights under
24 the Plan on account of their Equity Interests. Pursuant to section 1126(g) of the Code,
25 Classes 5 and 6 are Impaired and are conclusively presumed to have rejected the Plan.
26 The votes of Equity Interest Holders and the holders of Equity Interest Related Claims in
27 Classes 5 and 6 therefore will not be solicited.

28

1 Effective Date, the Certificate of Incorporation shall, among other things, prohibit the
2 issuance of nonvoting equity securities and provide for an appropriate distribution of
3 voting power in the event of the creation of more than one class of equity securities for
4 the Reorganized Debtor.

5 10.6 Disbursements. The Reorganized Debtor shall act as Disbursing
6 Agent and shall make all Distributions in accordance with the Plan. If any payment or act
7 under the Plan is required to be made or performed on a date that is not a Business
8 Date, then the making of such per payment or the performance of such act may be
9 completed on the next succeeding Business Day, but shall be deemed to have been
10 completed as of the required date.

11 10.7 Reserve for Disputed Claims.

12 10.7.1 On and after the Effective Date, as of the date that a
13 Distribution is otherwise to have been made under the Plan to the holder of a Disputed
14 Claim (if such Claim constituted an Allowed Claim), such Distribution(s) shall not be
15 distributed but shall be held and reserved by the Reorganized Debtor in a single
16 segregated account (the "Disputed Claims Reserve") for the benefit of the holder(s) of the
17 Disputed Claim(s) entitled thereto under the Plan. Except to the extent that the Court
18 shall have estimated under section 502(c) of the Code or otherwise determined that a
19 good and sufficient reserve for Disputed Claims is less than the full amount thereof, there
20 will be deposited into the Disputed Claims Reserve an amount of cash which would have
21 been distributed on account of all Disputed Claims if all Disputed Claims were allowed in
22 the full amount claimed by the holders thereof.

23 10.7.2. At such time as a Disputed Claim becomes an Allowed
24 Claim, the Distribution which would have been disbursed had the Disputed Claim been
25 an Allowed Claim at the time of any prior Distribution(s) under the Plan shall be released
26 from the Disputed Claims Reserve and delivered to the Disbursing Agent for delivery to
27 the holder of such Allowed Claim within thirty (30) days.

28

1 10.8 Unclaimed Distributions.

2 10.8.1 The Disbursing Agent shall deposit any Unclaimed
3 Property in an Unclaimed Property Reserve to be held in trust for the benefit of the
4 holders of Allowed Claims entitled thereto under the terms of the Plan. For a period of
5 180 days following the date of distribution, Unclaimed Property, including any principal,
6 interest and dividends, in cash or in kind, as may have been paid on account of any such
7 Unclaimed Property shall be held in the Unclaimed Property Reserve solely for the
8 benefit of the holders of Allowed Claims which have failed to claim such property. Until
9 the expiration of 180 days following the distribution date, Unclaimed Property due to the
10 holder of an Allowed Claim shall be released from the Unclaimed Property Reserve and
11 delivered to such holder upon presentation of proper proof by such holder of its
12 entitlement thereto.

13 10.8.2 At the end of 180 days following the distribution date, the
14 holders of Allowed Claims theretofore entitled to Unclaimed Property shall cease to be
15 entitled thereto, and the Unclaimed Property shall then become property of the
16 Reorganized Debtor, unless the amount of the Unclaimed Property Reserved equals or
17 exceeds \$15,000 in which case the Unclaimed Property will be distributed pro rata to the
18 holders of Allowed General Unsecured Claims, except for the holders of Allowed General
19 Unsecured Claims which had failed to claim such property. Unclaimed Property in
20 excess of \$15,000 will not become property of the Reorganized Debtor and will be
21 distributed to the holders of Allowed General Unsecured Claims.

22 10.9 Revesting of Property of Estate. On the Confirmation Date, the
23 Debtor shall be revested with all property that was formerly Property of the Estate
24 (including, without limitation, all claims and rights against third parties belonging to the
25 Debtor or the Estate) free and clear from all Liens, Claims and Interests, except for
26 obligations arising under and specifically set forth in the Plan.

27 10.10 Post-Confirmation Operations. Following the Confirmation Date, the
28 Reorganized Debtor may operate and engage in its business free of any restrictions of

1 the Code, the Bankruptcy Rules, the Court or the Office of the United States Trustee,
2 except if and as specifically set forth in the Plan.

3 10.11 Events of Default. If (a) the Reorganized Debtor defaults in making
4 any payments required by the Plan (and the grace period provided for herein shall have
5 passed), and unless such default (hereinafter referred to as an "Event of Breach") has
6 been waived in accordance with the terms hereof; (b) the Reorganized Debtor breaches
7 any of its obligations and covenants contained herein; (c) the Reorganized Debtor's
8 chapter 11 case is converted to a liquidation under Chapter 7 of the Bankruptcy Code; (d)
9 the Reorganized Debtor seeks relief from the provisions of the Plan under any Federal or
10 State statute (other than in the Reorganized Debtor's Chapter 11 case); (e) the
11 Reorganized Debtor executes an Assignment for the Benefit of Creditors; (f) a receiver,
12 liquidator, custodian, or trustee is appointed for substantially for all of the property of the
13 Reorganized Debtor; (g) a secured or judgment creditor of the Reorganized Debtor
14 forecloses on its collateral; (h) the failure of the Reorganized Debtor to pay taxes as a
15 result of which a lien has been filed by a taxing authority, it shall be deemed an "Event of
16 Breach".

17 10.12 Reorganized Debtor's Default. Upon the occurrence of an Event of
18 Breach, the Committee or other party in interest shall notify the Reorganized Debtor, in
19 writing thereof, and the Reorganized Debtor shall have fifteen (15) days from the date of
20 receipt of such notice, to cure or dispute such breach. In the event the Reorganized
21 Debtor fails to cure such breach within the prescribed 15-day period (in the event the
22 Reorganized Debtor disputes the existence of a breach, the dispute will be brought
23 before and determined by the Court), the Reorganized Debtor shall be deemed to have
24 defaulted on the terms of the Plan, and the Committee and/or Creditors shall have all the
25 rights available to them under this Plan, in law and in equity, including but not limited to
26 any rights pursuant to the Bankruptcy Code and the Bankruptcy Rules. No such default
27 shall be actionable and no person shall be permitted to exercise any remedy, legal or
28 equitable until the expiration of said 15-day period. The failure to timely cure an Event of

1 Breach shall result in an acceleration of the Reorganized Debtor's obligations with
2 respect to all required payments under the Plan to the holders of Allowed General
3 Unsecured Claims.

4 10.13 Covenants by the Reorganized Debtor.

5 (1) The Reorganized Debtor shall not liquidate or dissolve the
6 corporation prior to fulfilling its obligations under the Plan;

7 (2) The Reorganized Debtor shall not sell the assets of the
8 corporation in bulk or dispose of its assets other than in the ordinary course of its
9 business without paying or making adequate provision for the payment of the
10 Reorganized Debtor's obligations under the Plan;

11 (3) The Reorganized Debtor shall not fail to discharge any and all
12 taxes, assessments or governmental charges or levies imposed on the Reorganized
13 Debtor or its income or profits or any property belonging to it prior to the date upon which
14 the penalties result therefrom, and all lawful claims which, if unpaid, might become a lien
15 or charge on its property provided that it shall not be required to pay any such tax,
16 assessment, charge, levy or claim the payment of which is being contested in good faith
17 and in proper proceedings;

18 (4) The Reorganized Debtor shall at all times maintain and cause
19 to be maintained, necessary, adequate and proper insurance of all of its assets in such
20 amounts and against such risks as are ordinarily insured by the owners of similar
21 businesses and properties, and shall furnish, upon request, to the Committee's attorneys
22 full information as to the insurance maintained by the Reorganized Debtor and proof of
23 payment of the premium thereon;

24 (5) The Reorganized Debtor shall provide a schedule of
25 Distributions made under the Plan to the Committee within 30 days of said Distribution.

26 (6) The Reorganized Debtor shall not make any Distributions to
27 any equity holders on account of their equity interests in the Reorganized Debtor until all
28 payments to Class 4 creditors have been made under the Plan; and

1 (7) The Reorganized Debtor shall execute a note and security
2 agreement in favor of the Committee on behalf of all holders of Allowed General
3 Unsecured Claims. The security interest granted to the Committee shall be subordinated
4 as set forth in Section 7.3 above.

5 10.14 Continuance of Committee. Following the Effective Date, the
6 Committee shall continue to serve and fulfill its responsibilities in the Case through the
7 date by which Distributions to the holders of Allowed General Unsecured Claims are
8 completed, at which time the Committee shall be deemed dissolved and disbanded and
9 the duties of the Committee shall terminate. As long as any payments or Distributions
10 required to be made to the holders of Allowed General Unsecured Claims under this Plan
11 remain unpaid, the Committee will continue in existence and shall be composed of such
12 persons as presently constituted and shall continue to exercise all of the rights and
13 powers conferred upon it by the Code and the Plan.

14 If any Creditor represented on the Committee shall assign its Claim or
15 release the Reorganized Debtor from the payment of the balance of its Claim, the
16 member of the Committee representing that Creditor shall be deemed to have resigned
17 from the Committee. In the event that a vacancy occurs on the Committee by reason of
18 the death or resignation of a member or because a member no longer represents the
19 Creditor which originally designated him, or if the resignation of a Committee member
20 shall result from the assignment or release of a Claim as aforesaid, then with respect to
21 any vacancy thereby created, the remaining members of the Committee acting by vote of
22 a majority thereof, may at their sole option either (i) fill the vacancy with the
23 representative of another unsecured Creditor or (ii) reduce the size of the Committee to
24 the number of the remaining Committee members; provided, however, that there shall
25 never be less than three (3) members of the Committee. If the Committee members elect
26 the latter, then no Committee vacancy shall be deemed to exist. If at any time there are
27 not three (3) qualified members continuing to serve on the Committee, the Committee
28 shall be deemed disbanded. The Committee shall function whether or not a vacancy

1 exists, so long as a quorum is present. In any event, no person may be designated to
2 serve on the Committee without notice having been given to the Court and the
3 Reorganized Debtor. The Committee shall act by a majority vote of its members present
4 and voting, either with or without formal meetings.

5 Neither the Committee, its professionals nor any of its members, agents or
6 employees, nor the Creditors represented by them shall in any way be responsible for
7 any of its acts or for the acts of any of its members, agents or employees, except that
8 each of them shall be personally responsible for his or its own acts of negligence, willful
9 misconduct or fraud. Except as otherwise provided in the Plan, on the Confirmation
10 Date, but subject to the Plan's Confirmation, the Committee members and their
11 Professionals shall be released and discharged from all obligations, claims and causes of
12 action arising from and relating to their service on the Committee prior to the
13 Confirmation Date.

14 The Committee and its members shall serve without compensation so long
15 as the Committee shall remain in existence; provided, however, that the Committee and
16 each member thereof shall be reimbursed in accordance with the provisions of the Code
17 for its reasonable expense in connection with the functioning of the Committee
18 subsequent to the Confirmation Date.

19 Subsequent to the Confirmation Date, the Committee shall have the power
20 and authority to utilize the services of its counsel, accountants or other agents whose
21 employment has been approved by the Court which are necessary to perform the duties
22 of the Committee ("Professionals") and to authorize and direct such persons to act on
23 behalf of the Committee in connection with any matter requiring its attention or action.
24 The Reorganized Debtor shall be responsible for the payment of all reasonable and
25 necessary post confirmation fees and expenses of such Professionals upon submission
26 of invoice. To the extent the Reorganized Debtor disputes any invoice presented, the
27 dispute shall be resolved by the Court.

28

1 The Reorganized Debtor shall forward its annual financial statements to
2 counsel for the Committee and the Reorganized Debtor shall give the Committee through
3 its professionals, or designated representatives, on reasonable notice, access to examine
4 its books and records on its annual statement as well as all other financial information
5 reasonably necessary to object to claims against the Reorganized Debtor if necessary
6 and confirm the amount of gross revenues of the Reorganized Debtor during the
7 distribution period.

8 Subsequent to the Confirmation Date, the Committee shall have the power
9 and authority, upon a vote of a majority in number of its members, to grant a
10 postponement of the time for any payments or Distribution provided for in the Plan, in
11 whole or in part.

12 10.15 Execution and Delivery of Documents. The Debtor and the
13 Reorganized Debtor are authorized to execute and deliver documents and instruments as
14 are necessary or appropriate to promote and implement Consummation of the Plan or to
15 carry out the purposes of the Plan.

16 10.16 Executory Contracts and Unexpired Leases. Executory contracts
17 and unexpired leases to which the Debtor is a party that are not otherwise assumed or
18 rejected pursuant to a motion filed with the Court prior to the Confirmation Date shall be
19 deemed rejected as of the Confirmation Date, except for the executory contracts and
20 unexpired leases listed in **Exhibit A** hereto which shall be assumed pursuant to the Plan
21 as of the Effective Date.

22 With respect to executory contracts and unexpired leases assumed
23 pursuant to the Plan, the Reorganized Debtor shall pay any outstanding Cure Amount on
24 the Effective Date or as soon thereafter as is practicable. Any dispute with regard to
25 Cure Amount with respect to executory contracts and unexpired leases assumed
26 pursuant to the Plan shall be presented to the Court for resolution.

27 10.17 Objections to Claims. Following the Effective Date, only the
28 Reorganized Debtor or the Committee may object to the allowance of any Claim against

1 the Debtor. Any objection to a Claim shall be filed on or before ninety (90) days after the
2 Effective Date. This time period can be extended by the Court upon request of the
3 Reorganized Debtor or the Committee. Fees incurred in connection with objections to
4 claims shall be limited to a sum commensurate with the benefit reasonably likely to be
5 achieved for the Estate and/or affected Creditors at the time the objection is brought.

6 10.18 Deadline for Filing Claims. The last day for filing proofs of claim
7 against the Debtor was March 16, 2009, the Bar Date fixed by the Court prior to
8 Confirmation of the Plan, except (i) for certain Administrative Claims, (ii) as otherwise set
9 forth in the Court's Bar Date order entered in the Case on December 30, 2008, or (iii) as
10 provided in Section 1.14 of the Plan. The Bar Date does apply to Administrative Priority
11 Reclamation Claims.

12 10.19 Deadline for Filing Certain Administrative Claims. The deadline for
13 filing Administrative Claims asserted pursuant to section 503(b) of the Code, other than
14 Claims for compensation and reimbursement of expenses of professional persons
15 employed pursuant to Court order in the Case and other than Administrative Priority
16 Reclamation Claims, shall be thirty (30) days following the Confirmation Date. If said
17 date falls on a weekend or holiday, the deadline shall be the last Business Day prior
18 thereto.

19 10.20 Retention and Enforcement of Claims. Pursuant to section
20 1123(b)(3) of the Code following the Effective Date, the Reorganized Debtor may
21 maintain and enforce any claims or rights against third parties held by the Debtor or the
22 Estate and may continue to pursue any pending actions brought by the Debtor.

23 10.21 1146(c) Exemption. Pursuant to section 1146(c) of the Code, any
24 transfers from the Debtor or the Reorganized Debtor to any other Person pursuant to the
25 Plan, or the issuance, transfer or exchange of a security under the Plan, or the execution,
26 delivery or recording of an instrument of transfer under the Plan, shall not be subject to
27 any law imposing a stamp tax, recording tax, transfer tax, or similar tax.

28

1 10.22 Exemption from Securities Laws. The Issuance of securities
2 representing New Equity Interests pursuant to the Plan or in any other regard under the
3 Plan will not be subject to any federal, state, or local securities law. The issuance of
4 securities pursuant to the Plan to the New Equity Holders will not be subject to any
5 federal, state, or local securities law in accordance with and reliance upon section
6 1145(a) of the Code because the issuance of New Equity Interests to New Equity Holders
7 is made pursuant to the Plan in exchange for such holders' claims against the Debtor,
8 and such holders are not an "underwriter" within the meaning as set forth under section
9 1145(b) of the Code.

10 10.23 Court and United States Trustee Fees. Prior to the Effective Date,
11 all fees due from the Debtor to the Clerk of the Court and all fees due from the Debtor to
12 the United States Trustee shall be paid in full. In the event that such fees are not paid by
13 the Effective Date, the Debtor or the Reorganized Debtor shall promptly pay all such
14 fees.

15 10.24 Withholding and Reporting Requirements. In connection with the
16 Plan and all instruments issued in connection therewith and with respect to all
17 Distributions pursuant to the Plan, the Reorganized Debtor shall comply with all
18 withholding and reporting requirements imposed by any federal, state, local or foreign
19 taxing authority. Payment amounts set forth in the Plan are gross amounts which shall
20 be subject to withholding for federal, state and local taxes and usual and customary
21 payroll deductions (if applicable). All parties entitled to receive a Distribution under the
22 Plan may be required by the Disbursing Agent to complete and execute an IRS Form
23 W-9 or such other form providing similar information as may be required by the
24 Disbursing Agent prior to the Disbursing Agent making Distribution to such party.

25 10.25 Implementation Reports and Closing Case. One hundred twenty
26 (120) days following the Confirmation Date, the Reorganized Debtor shall file an
27 implementation report with the Clerk of the Court setting forth the status of
28 implementation of the Plan. The initial report shall be served on the United States

1 trustee, the Committee's counsel, the Debtor's 20 largest unsecured creditors, the New
2 Equity Holders, and any other parties who have requested special notice. Further reports
3 shall be filed every 120 days thereafter through the closing of the Case and served on the
4 same entities, unless otherwise ordered by the Court. Upon Substantial Consummation
5 of the Plan or as soon thereafter as all matters in the Case have been resolved, the
6 Reorganized Debtor will file a motion with the Clerk of the Court requesting the entry of a
7 final decree closing the Case.

8 10.26 Post-Confirmation Employment and Compensation of Professionals.

9 After the Confirmation Date, the Debtor and the Reorganized Debtor may employ, without
10 notice, hearing or order of the Court, such attorneys, accountants and other professionals
11 as it may desire to render services on such terms as it deems reasonable. With respect
12 to services rendered by professional persons employed by the Debtor or the Reorganized
13 Debtor after the Confirmation Date, the Reorganized Debtor shall be authorized to pay for
14 such services, related costs and expenses without notice, hearing or order of the Court;
15 provided however, that with respect to fees, costs and expenses of such professional
16 persons for services rendered after the Confirmation Date in or in connection with the
17 Case, or in connection with the Plan and incident to the Case, in the event the
18 Reorganized Debtor disputes the reasonableness of any such fees, costs or expenses,
19 the Reorganized Debtor shall pay such professional person only the undisputed amount,
20 if any, and the Reorganized Debtor or the professional may file an application with the
21 Court to determine the reasonableness of the fees, costs or expenses which are in
22 dispute.

23 10.27 Discharge of Debts. Pursuant to section 1141(d)(1) of the Code,

24 Confirmation of the Plan will discharge the Debtor from any Debt that arose prior to the
25 Confirmation Date, and any Debt of any kind specified in section 502(g), 502(h), or 502(i)
26 of the Code, whether or not: (1) a proof of Claim based on such Debt is filed or deemed
27 filed under section 501 of the Code; (2) such Claim is allowed under section 502 of the
28 Code; or (3) the holder of such Claim accepts the Plan. Notwithstanding the foregoing,

1 XII.

2 **GENERAL PROVISIONS**

3 12.1 Jurisdiction. The Court will retain jurisdiction until consummation of
4 the Plan and the entry of a final decree closing the Case. The Court shall further retain
5 jurisdiction under the Plan for all purposes consistent with the Plan and the Code, which
6 purposes include, but are not limited to:

7 12.1.1 The classification or allowance of a Claim of any Creditor
8 and the reexamination of Claims which have been allowed for purposes of voting and the
9 determination of such objections as may be filed against Creditors' Claims.

10 12.1.2 The determination of all questions and disputes regarding
11 title to the assets of the Estate, and the determination of all causes of action,
12 controversies, disputes or conflicts, including the right to participate in any Distribution
13 from the Post-Confirmation Estate, whether or not subject to an action pending as of the
14 Effective Date, between the Debtor and/or the Disbursing Agent and/or the Committee
15 and any other party, including, but not limited to, any right of the Disbursing Agent and/or
16 the Committee to recover assets pursuant to the provisions of the Code.

17 12.1.3 The correction of any defect, curing of any omission, or the
18 reconciliation of any inconsistency in the Plan or in the Order of Confirmation, as may be
19 necessary to carry out the purposes and intent of the Plan.

20 12.1.4 The determination of the allowability, validity and priority of
21 Claims against the Debtor or the Estate, whether such Claims are asserted before or
22 after the Confirmation Date.

23 12.1.5 The modification or amendment of the Plan after Confirmation
24 to the extent permitted by and pursuant to the requirements of the Bankruptcy Rules and
25 the Code.

26 12.1.6 The enforcement and interpretation of the terms and
27 provisions of the Plan.

28 12.1.7 The entry of any order concluding or terminating the Case.

1 12.1.8 The granting of extensions of any deadlines set herein.

2 12.1.9 The administration of the Case, and implementation and
3 Consummation of the Plan.

4 12.2 Interpretation. To the extent that the terms of the Plan are
5 inconsistent with the terms of any agreement or instrument concerning any Claim or
6 Equity Interest, or any other matter, the terms of the Plan shall control.

7 12.3 Binding Effect. Upon Confirmation of the Plan, the Debtor, the
8 Disbursing Agent, the Committee, and all Creditors and Equity Interest Holders, whether
9 or not the Claim of such Creditor is Impaired under the Plan and whether or not such
10 Creditor or Equity Interest Holder has accepted the Plan, shall be bound by the
11 provisions of the Plan pursuant to section 1141(a) of the Code.

12 12.4 Other Documents and Actions. The Debtor, and the Reorganized
13 Debtor may execute such other documents and take such other actions as may be
14 necessary or appropriate to effectuate the transactions contemplated under this Plan.

15 12.5 Successors and Assigns. The rights, benefits, and obligations of any
16 Person named or referred to in the Plan shall be binding on, and shall inure to the benefit
17 of, the heirs, executors, administrators, successors, and assigns of such Person.

18 12.6 Applicable Law. The Plan is to be governed by and construed under
19 the Code and the laws of the State of California as they may be applicable.

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SulmeyerKupetz, A Professional Corporation
333 SOUTH HOPE STREET, THIRTY-FIFTH FLOOR
LOS ANGELES, CALIFORNIA 90071-1406
TEL. 213.626.2311 • FAX 213.629.4520

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12.7 Implementation Orders. At any time, the Court may make such orders or give such direction as may be appropriate under section 1142 of the Code.

DATED: May 27, 2009

AFC ACQUISITION CORP.
Debtor in Possession

By: 
Kerton Van Harten
Chief Executive Officer

PRESENTED BY:

SulmeyerKupetz
A Professional Corporation

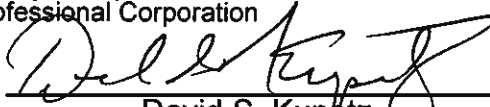
By: 
David S. Kupetz
Bankruptcy Counsel for AFC Acquisition Corp.
Debtor in Possession

EXHIBIT A

In re AFC ACQUISITION CORP.

ASSUMED EXECUTORY CONTRACTS AND UNEXPIRED LEASES

	<u>Party to Contract/Lease</u>	<u>Title and/or Description of Contract/Lease</u>
<u>LEASES:¹</u>		
	Tanager Company c/o Lee S. Blaugrund 1503 Central Ave. NM Albuquerque, NM 87104	Lease of real property located at: 3535 Menaul N.E. Albuquerque, NM 87107
	Tanager Company c/o Lee S. Blaugrund 1503 Central Ave. NM Albuquerque, NM 87104	Lease of real property located at: 1001 W. Broadway Farmington, NM 87401
	C.A. Cimino and Alice T. Cimino P.O. Box 5082 Santa Fe, NM 87502	Lease of real property located at: 901 St. Michael's Dr. Santa Fe, NM 87505
<u>CREDIT CARD PROCESSING AGREEMENTS:</u>		
	American Express Travel Related Services Company, Inc. Attn: Department 87 P.O. Box 53773 Phoenix, AZ 85072	American Express Card Acceptance Agreement
	Discover Network Attn: Sr. Vice President, Merchant Operations 2500 Lake Cook Road Riverwoods, IL 60015-3800	Discover Network Merchants Services
	Wells Fargo Merchant Services, L.L.C. Attn: Sales Manager 1307 Walt Whitman Road Melville, NY 11747	Merchant processing Program Guide, Application and Schedules thereto
	World Financial Network National Bank Attn: President 3100 Easton Square Place Columbus, OH 43219	Amended and Restated Private Label Credit Card Program Agreement

¹ In addition to the leases referenced above, the Debtor also leased, from The Tanager Company, real property located at 801 Comanche NE, Albuquerque, New Mexico 87107 pursuant to a lease agreement dated January 24, 1986. However, rather than assume that lease, the Debtor entered into a new lease during the Debtor's bankruptcy case with respect to that property.

INSURANCE AGREEMENTS AND 401(K) PLAN:		
	Blue Cross and Blue Shield of New Mexico, a Division of Health Care Service Corporation, A Mutual Legal Reserve Company Attn: Alfonso Trujillo 5701 Balloon Fiesta Pkwy NE Albuquerque, NM 87113	Administrative Services Agreement (regarding administrative services in connection with employee health plan)
	Fidelity Management Trust Company 82 Devonshire Street Boston, MA 02109	The CORPORATEplan for Retirement (American Furniture Company 401(k) Profit Sharing Plan)
	Fidelity Management Trust Company 82 Devonshire Street Boston, MA 02109	The CORPORATEplan for Retirement Service Agreement
	Strategic Advisors, Inc. 82 Devonshire Street Boston, MA 02109	Investment Management Agreement
	The Frank Gates Service Company Attn: Mark McCarthy, General Counsel 5000 Bradenton Ave. Dublin, OH 43017	Workers' Compensation Self-Insurance Service Agreement
	Jefferson Pilot Financial Insurance Company 8801 Indian Hills Drive Omaha, NE 68114-4066	Life Insurance; Accidental Death and Dismemberment Insurance; and Group Long Term Disability Insurance Policy
	United Concordia Companies, Inc. Attn: President 4401 Deerpath Road Harrisburg, PA 17110	Agreement for Administrative Services (regarding administrative services in connection with employee dental benefit plan)
	Willis of Arizona, Inc. 11201 N. Tatum Blvd., Ste 300 Phoenix, AZ 85028	Term of Business Agreement- Employee Benefits Accounts Health Information Privacy Agreement
FACILITIES SERVICE CONTRACT:		
	Kone, Inc. North American Corporate Headquarters One Kone Court Moline, IL 61265	Complete Maintenance Agreement for Vertical Transportation (for store located at 3535 Menaul N.E., Albuquerque, NM 87107)

INFORMATION SYSTEMS AGREEMENTS:		
	Beechglen 3862 Race Rd. Cincinnati, OH 45211	Software Support Services Agreement
	eSoft, Inc. 295 Interlocken Blvd. Broomfield, CO 80021	Network, e-mail, and/or web security
	International Business Machines Corporation Attn: Order Fulfillment Services 3405 W. Dr. M.L. King, Jr. Blvd. Tampa, FL 33607	IBM Customer Agreement
	High Line Corporation 145 Renfrew Dr., Suite 210 Markham, Ontario L3R 9R6 Canada	Master Program License Agreement and Addendums thereto
	Hewlett-Packard Company 8000 Foothills Blvd. MS 5530 Roseville, CA 95747	Hardware and Software Support
	Storis, Inc. 7 Entin Road Parsippany, NJ 07054	Agreement for License of Software, Purchase of Hardware and Related Equipment and Software Maintenance Services
	Time Warner Telecom Holdings, Inc. 5411 Jefferson Street NE, Suite 200Albuquerque, NM 97109-3473	Time Warner Telecom Standard Terms and Conditions (Voice, Internet, and ILAN services)
	Cellco Partnership dba Verizon Wireless Attn: HQ Legal-Contract Administration One Verizon Way Basking Ridge, NJ 07920-1097	Verizon Wireless Major Account Agreement

In re: AFC ACQUISITION CORP.	Debtor(s).	CHAPTER: 11 CASE NUMBER: 2:08-bk-28517-BR
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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on a CM/ECF docket.

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:
333 South Hope Street, Thirty-Fifth Floor, Los Angeles, California 90071-1406

A true and correct copy of the foregoing document described as **DEBTOR'S SECOND AMENDED PLAN OF REORGANIZATION** 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 indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On _____ I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the e-mail address indicated below:

Service Information continued on attached page.

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

I served the following person(s) and/or entity(ies) at the last known address(es) 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/or with an overnight mail service addressed as follow. 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.

Service Information continued on attached page.

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P.5 and/or controlling LBR, on May 28, 2009 I served the following person(s) and/or entity(ies) by personal delivery, 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 mailing to the judge will be completed no later than 24 hours after the document is filed.

Hon. Barry Russell (Bin Outside of Ste. 1660)
U.S. Bankruptcy Court
Roybal Federal Building
255 E. Temple Street
Los Angeles, CA 90012

Service Information continued on attached page.

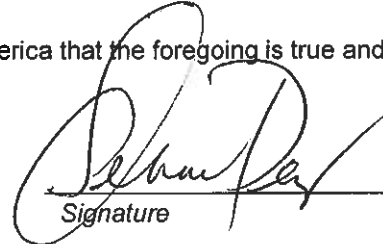
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

May 28, 2009

Date

Debbie A. Perez

Type Name



Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

January 2009

F 9013-3.1

In re:
AFC ACQUISITION CORP.

CHAPTER: 11

Debtor(s).

CASE NUMBER: 2:08-bk-28517-BR

ADDITIONAL SERVICE INFORMATION (if needed):

VIA EMAIL

OFFICE OF THE UNITED STATES TRUSTEE

Office of the United States Trustee
Attn: Russell Clementson, Esq.
Ernst & Young Plaza
725 South Figueroa St., 26th Floor
Los Angeles, CA 90017
Russell.Clementson@usdoj.gov

SECURED CREDITORS

Wells Fargo Retail Finance LLC
One Boston Place, 18th Floor
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Lynn.Whitmore@wellsfargo.com
Wai.Y.Cheng@wellsfargo.com

Wells Fargo Retail Finance LLC
c/o Donald E. Rothman, Esq.
Riemer & Braunstein LLP
3 Center Plaza
Boston, MA 02108
drothman@riemerlaw.com

Wells Fargo Retail Finance LLC
c/o Wayne R. Terry, Esq.
Hemar, Rousso & Heald, LLP
15910 Ventura Blvd/, 12th Floor
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ATTY. FOR OFF'L COMMITTEE OF UNSECURED CREDITORS

Clifford A. Katz, Esq.
Platzer, Swergold, Karlin, Levine, Goldberg & Jaslow, LLP
1065 Avenue of the Americas
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ckatz@platzerlaw.com

Alan I. Nahmias, Esq.
MIRMAN & BUBMAN, L.L.P.
21860 Burbank Blvd., Suite 360
Woodland Hills, CA 91367
anahmias@mirmanbubman.com

OFF'L COMMITTEE OF UNSECURED CREDITORS

Albuquerque Publishing Company
Attn Brian Fantl, Gen Mgr
7777 Jefferson St., NE
Albuquerque, NM 87103
bfantl@abqpubco.com

VIA U.S. MAIL

SECURED CREDITORS

Canadian Imperial Bank of Commerce,
As Administrative Agent
425 Lexington Ave.
New York, NY 10017-3903

Canadian Imperial Bank of Commerce
5090 Center Drive, Ste. 600
Los Angeles, CA 90045-1540

National City Bank
1900 E. 9th St.
Cleveland, OH 44114-3404

National City Bank
c/o CSC -Lawyers Incorporating Service Company
(Registered Agent)
701 Brazos St Ste 1050
Austin, TX 78701-3232

PARTIES REQUESTING SPECIAL NOTICE

Ascension Capital Group, Inc.
Attn: Compass Bank (Unsecured) Department
Account: XXXXXXXXXXXX1932
P.O. Box 201347
Arlington, TX 76006

tw telecom inc.
Attn: Linda Boyle
10475 Park Meadows Dr #400
Littleton, CO 80124

20 LARGEST CREDITORS

Lane Furniture Industries Inc.
Attn: Gerald Sahd
1 N. Brentwood Blvd.
Clayton, MO 63105

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In re: AFC ACQUISITION CORP.	CHAPTER: 11
Debtor(s).	CASE NUMBER: 2:08-bk-28517-BR

Canyon Furniture
Attn: Worth Oelschlager
374 East H Street
Box 322
Chula Vista, CA 91910
wortho@canyon.com.mx

Flexsteel Industries, Inc.
Attn: Lucy Ward
PO Box 877
3400 Jackson Street
Dubuque, IA 52004
lward@flexsteel.com

Furniture Values Intl dba Aspen Home
Attn: Cathy O'Brien
2929 Grand Ave.
Phoenix, AZ 85017
cathy.obrien@aspenhome.net

Furniture Brands (Parent of Lane Furniture)
Attn: Gerald Sahd (Committee Chairperson)
Attn: Michelle Granich
1 N. Brentwood Blvd.
Clayton, MO 63105
mgranich@furniturebrands.com
gsahd@furniturebrands.com

Sealy, Inc.
Attn: Eddie Garner, Manager of Revenue Mgmt.
One Office Parkway at Sealy Drive
Trinity, NC 27370
egarner@sealy.com

Simmons Bedding Company
Attn: Tom Brkanovic, VP of Credit Services
One Concourse Parkway, Suite 800
Atlanta, GA 30328
tbrkanovic@simmons.com

PARTIES REQUESTING SPECIAL NOTICE

AFC Acquisition Corp.
Attn Ted Leveque
3635 Menaul Boulevard, N.E.
Albuquerque, New Mexico 87107-1817
tleveque@americanhome.com

Kibel Green
Attn: Richard Alston
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Pasadena, CA 91107
dalston@kginc.com

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Albuquerque Publishing Company
 Attn Brian Fantl, Gen Mgr
 7777 Jefferson St., NE
 Albuquerque, NM 87103
bfantl@abgpublishco.com

Albuquerque Publishing Company, c/o Christopher Bauman
 Bauman, Dow & León, P.C.
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Canyon Furniture
 Attn: Worth Oelschlager
 374 East H Street, Box 322
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wortho@canyon.com.mx

Flexsteel Industries, Inc.
 Attn: Lucy Ward
 PO Box 877
 3400 Jackson Street
 Dubuque, IA 52004
lward@flexsteel.com

Furniture Brands (Parent of Lane Furniture)
 Attn: Gerald Sahd (Committee Chairperson)
 Attn: Michelle Granich
 1 N. Brentwood Blvd.
 Clayton, MO 63105
mgranich@furniturebrands.com
gsahd@furniturebrands.com

Furniture Values Intl dba Aspen Home
 Attn: Cathy O'Brien
 2929 Grand Ave.
 Phoenix, AZ 85017
cathy.obrien@aspenhome.net

GE Money Bank
 c/o Recovery Management Systems Corp.
 Attn Ramesh Singh
 25 SE 2nd Ave, Ste 1120
 Miami, FL 33131-1605
claims@recoverycorp.com

Hancock Park Associates
 Attn: Rick Foker, Esq.
 1880 Century Park East, Ste. 900
 Los Angeles, CA 90067
rfoker@hpcap.com

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In re: AFC ACQUISITION CORP.	CHAPTER: 11
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Lee Blaugrund
c/o John A. Myers, Esq.
Myers, Oliver & Price, P.C.
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Mohawk Finishing Products
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Hickory, NC 28603
lbrown@rpmwfg.com

Planned Furniture Provisions, Inc. (PFP)
c/o Robert A. Boghosian, Esq.
Cohen Tauber Spievack & Wagner P.C.
420 Lexington Avenue, Suite 2400
New York, New York 10170
rboghosian@ctswlaw.com
jcohen@ctswlaw.com
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Primeshares
Attn: RVS
261 Fifth Avenue, 22nd Floor
New York, NY 10016
ksync@primeshares.com

R & R Trim Supply Inc
Attn Caroline
110 1st St NW
Albuquerque, NM 87102
nmfabricscd@aol.com

ReGen Capital / Riverside Claims, LLC
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Attn: Neil Kerskowitz
2109 Broadway, Suite 206
New York, NY 10023
Kerry@regencap.com
notice@regencap.com

Sealy, Inc.
Attn: Eddie Garner, Manager of Revenue Mgmt.
One Office Parkway at Sealy Drive
Trinity, NC 27370
egarner@sealy.com

Sealy, Inc. and Sealy Mattress Company
c/o William B. Sullivan, Esq.
Womble Carlyle Sandridge & Rice, PLLC
One West 4th St.

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In re: AFC ACQUISITION CORP.	CHAPTER: 11
Debtor(s).	CASE NUMBER: 2:08-bk-28517-BR

Winston-Salem, NC 27101
bankruptcy@wcsr.com

Simmons Bedding Company
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 One Concourse Parkway, Suite 800
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Stanton International
 Attn: Alan Truhn, Credit Manager
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 Los Angeles, CA 90067-2508
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Wal-Mart Stores, Inc.
 c/o Charles B. Hendricks, Esq.
 c/o Lyndel Anne Mason, Esq.
 Cavazos, Hendricks, Poirot & Smithan, P.C.
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chuckh@chfirm.com
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 San Diego, CA 92101
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campitiello@shlaw.com

Yavapai-Prescott Indian Tribe
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 Prescott, AZ 86301
mgunning@ypit.com

20 LARGEST UNSECURED CREDITORS

Albuquerque Publishing Company
 Attn Brian Fantl, Gen Mgr
 7777 Jefferson St., NE
 Albuquerque, NM 87103
bfantl@abqpubco.com

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In re:
AFC ACQUISITION CORP.

CHAPTER: 11

Debtor(s).

CASE NUMBER: 2:08-bk-28517-BR

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Jjibarra@artexport.com.mx

BJI International
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jsorich@bj.com

Barcalounger-Import
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PO Box 100895
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Canyon Furniture
Attn: Worth Oelschlager
374 East H Street, Box 322
Chula Vista, CA 91910
wortho@canyon.com.mx

Flexsteel Industries, Inc.
Attn: Lucy Ward
PO Box 877
3400 Jackson Street
Dubuque, IA 52004
lward@flexsteel.com

Furniture Brands (Parent of Lane Furniture)
Attn: Gerald Sahd (Committee Chairperson)
Attn: Michelle Granich
1 N. Brentwood Blvd.
Clayton, MO 63105
mgranich@furniturebrands.com
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Furniture Values Intl dba Aspen Home
Attn: Cathy O'Brien
2929 Grand Ave.
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cathy.obrien@aspenhome.net

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In re:
AFC ACQUISITION CORP.

Debtor(s).

CHAPTER: 11

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Guildcraft Upholstery
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Obeetee Inc
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Sealy, Inc.
Attn: Eddie Garner, Manager of Revenue Mgmt.
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Simmons Bedding Company
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In re:
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