

# The Plan of Reorganization

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Due the 87 <sup>th</sup> National Bank on a mortgage on the building	\$50,000
Due the Internal Revenue Service	\$10,000
Due the Employees	\$30,000
Due miscellaneous creditors	\$30,000
Due Famous Dan's Pies, a specialty of the store	\$10,000
Due Acme Venture Capital	\$150,000

## Secured Creditors

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The secured creditors get \$100,000, leaving \$110,000 for the others

## Acme Venture Capital

- Unsecured Creditors? **Stand in line**

## Acme Venture Capital

- Unsecured Creditors?
- Preferred Shareholders? **0**

## Acme Venture Capital

- Unsecured Creditors?
- Preferred Shareholders?
- Secured Creditors?

## Acme Venture Capital

- Unsecured Creditors?
- Preferred Shareholders?
- Secured Creditors?
- **Probably. If so they should get the rest.**  
**But...**

## Johnny

- In theory Johnny gets zero. But...

## Johnny

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- Keep Johnny motivated to manage the restaurant

## Johnny

- In theory Johnny gets zero. But...
- Keep Johnny motivated to manage the restaurant
- Nuisance value as shareholder

## My Guess

Debt	Amount	Payment
87 <sup>th</sup> National Bank	\$50,000	\$50,000
IRS	\$10,000	\$10,000
Employees	\$30,000	\$30,000
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Johnny		≈\$25,000

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End

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