

**IT IS HEREBY ADJUDGED
and DECREED this is SO
ORDERED.**

The party obtaining this order is responsible for
noticing it pursuant to Local Rule 9022-1.

Dated: November 10, 2005



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Randolph J. Haines

RANDOLPH J. HAINES
U.S. Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA**

In re:

SUNBELT SCENIC STUDIOS, INC.,

Debtor.

Case no. 2-05-bk-2001-RJH

Chapter 11

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW ON
CONFIRMATION OF SECOND
AMENDED JOINT PLAN OF
REORGANIZATION DATED
SEPTEMBER 12, 2005**

This matter came before the court on November 10, 2005, at the hour of 11:30 a.m., for the continued hearing on confirmation of the Debtor's Second Amended Plan of Reorganization dated September 12, 2005 (the "Plan"). The Debtor appeared through counsel S. Cary Forrester, of Forrester & Worth, PLLC. Other appearances, if any, are as noted on the record. Based upon the arguments and representations of counsel and the evidence adduced at the hearing, together with the entire record before the court, the court makes the following findings of fact:

A. Pursuant to the court's Order of September 7, 2005 and Bankruptcy Rule 3017(d), the Order, Plan, Second Amended Disclosure Statement and Ballots were timely served upon all creditors, equity security holders and parties in interest, and the

1 United States Trustee, as evidenced by the Certificate of Service filed on September 15,
2 2005;

3 B. Pursuant to the court's Order of September 7, 2005, written objections to
4 the Plan were required to be filed on or before October 11, 2005, with copies served
5 upon counsel for the Debtor. An informal objection, in the form of a letter addressed to
6 "to whom it may concern" was filed by Reel Men on October 3, 2005. The only other
7 objection was filed by the Arizona Department of Revenue ("ADOR").

8 C. At the initial confirmation hearing on October 18, 2005, the court
9 overruled the informal objection to plan confirmation filed by Reel Men. The objection
10 filed by ADOR has been resolved through the terms of the confirmation order.

11 D. At the initial confirmation hearing on October 18, 2005, the court also
12 granted the Debtor's Motion to Shorten Notice of Confirmation Hearing for Thirteen
13 Creditors and Interested Parties, having found that good cause exists for granting such
14 motion.

15 E. On October 31, 2005, the Debtor filed and served a Notice of Amendment
16 to Plan of Reorganization pursuant to 11 U.S.C. § 1127(a) and Bankruptcy Rule 3019, in
17 which it advised creditors and interested parties that it would ask the court to approve
18 specified amendments to Article IV, Section 9 and Article V, Section G, of the Plan to
19 reflect the recent resignation of Jan Miller, who had been serving as the Debtor's acting
20 CEO. The Notice stated that any objections to the proposed amendments were due at or
21 before the time of this hearing. No objections were filed.

22 F. The Plan has been accepted by all creditors and equity security holders
23 whose acceptances are required by law, as evidenced by the Ballot Report filed on
24 October 13, 2005 and the Supplemental Ballot Report filed on October 18, 2005;

25 G. Each impaired class of claims has accepted the Plan with the exception of
Class 7, comprised of the secured Claim of GMAC;

1 H. The Plan is feasible and confirmation is not likely to be followed by
2 liquidation, except to the extent that the Plan calls for liquidation, or by the further
3 reorganization of the Debtor;

4 I. Each holder of a claim or interest in the Debtor has accepted the Plan or
5 will receive or retain under the Plan property of a value, as of the Effective Date, that is
6 not less than the amount such holder would receive or retain if the Debtor were
7 liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date;

8 J. As to the holders of secured claims, the Plan provides that they will retain
9 their liens to the extent of their allowed secured claims and receive on account of their
10 claims deferred cash payments totaling at least the amount of their allowed secured claims,
11 as of the Effective Date;

12 K. The Plan does not discriminate unfairly, and is fair and equitable, with
13 respect to any class of claims or interests that is impaired thereunder and has not accepted
14 it.

15 L. All payments made or promised by the Debtor for services, costs or expenses
16 in or in connection with this case, or in connection with the Plan and incident to this case,
17 have been fully disclosed and approved or, if to be fixed after confirmation of the Plan,
18 will be subject to the approval of the court;

19 M. The employment of Lynn Gustafson as the Debtor's CEO after confirmation
20 of the Plan is equitable and consistent with the interests of creditors and equity security
21 holders, and with public policy.

22 N. The continuation of Ron Keller as a member of the Debtor's board of
23 directors after confirmation of the Plan is equitable and consistent with the interests of
24 creditors and equity security holders, and with public policy

25 O. All fees payable under 28 U.S.C. § 1930 have been paid, and the Plan
provides for the payment of any unpaid fees on the Effective Date;

1 P. The Plan provides for the payment, on the Effective Date, of all
2 administrative and priority claims and expenses, except as the holders of such claims and
3 expenses may have otherwise agreed

4 Q. The estate is not obligated for the payment of any “retiree benefits” as that
5 term is defined in 11 U.S.C. § 1114;

6 R. The Debtor has complied with the provisions of the Bankruptcy Code, and
7 the Plan has been proposed in good faith and not by any means forbidden by law;

8 S. The principal purpose of the Plan is not the avoidance of taxes or the
9 avoidance of the application of Section 5 of the Securities Act of 1933

10 T. All Equity Security Interests in the Debtor shall be canceled and annulled as
11 of the Effective Date. On the Effective Date, the Debtor’s articles of incorporation shall be
12 deemed to be amended and restated to provide for 10,000 authorized shares of common
13 stock, at \$.01 par value and to prohibit the issuance of non-voting equity securities. On the
14 Effective Date, 10,000 shares of common stock shall be issued to Ron and Susan Keller,
15 husband and wife..

16 Based upon the foregoing, the court makes the following conclusions of law:

17 1. The classification of claims and interests in the Plan is proper, complies
18 with applicable law, and satisfies the requirements of the Bankruptcy Code, including,
19 but not limited to, 11 U.S.C. §§ 1122 and 1123.

20 2. The Plan complies with the applicable requirements of the Bankruptcy
21 Code including, without limitation, 11 U.S.C. §§ 1122, 1123 and 1129.

22 3. The notice provided to creditors and interested parties in regard to approval
23 of the Second Amended Disclosure Statement and confirmation of the Plan satisfies the
24 requirements of Rules 2002(b) and 3017, Rules of Bankruptcy Procedure.
25

1 4. The Debtor, as proponent of the Plan, has complied with the provisions of
2 the Bankruptcy Code, and the Plan has been proposed in good faith and not by any
3 means forbidden by law.

4 5. All members of classes designated as unimpaired in the Plan are
5 conclusively presumed to have accepted the Plan, pursuant to 11 U.S.C. § 1126(f).

6 6. All classes designated as impaired in the Plan have accepted the Plan, with
7 the exception of Class 7, comprised of the secured Claim of GMAC.

8 7. The Plan **does not discriminate unfairly against, and is fair and equitable as**
9 **to the Class 7 Claim of GMAC.** GMAC will retain its lien to the extent of its allowed
10 secured claim and receive on account of its claim deferred cash payments totaling at least
11 the amount of its allowed secured claim as of the Effective Date

12 To the extent that any provision designated herein as a finding of fact should
13 properly be characterized as a conclusion of law, it is adopted as such. To the extent that
14 any provision designated herein as a conclusion of law should be properly characterized
15 as a finding of fact, it is adopted as such.

16 Dated this _____ day of November, 2005.

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19 _____
20 Hon. Randolph J. Haines
21 United States Bankruptcy Judge
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