

Fill in this information to identify the case:

Debtor 1 Ara Macao Holdings, L.P.

Debtor 2 _____
(Spouse, if filing)

United States Bankruptcy Court for the: District of Arizona

Case number 3:18-bk-03615-PS

Official Form 410

Proof of Claim

04/16

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

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

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

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

Part 1: Identify the Claim

1. **Who is the current creditor?** ioVest Development, LLC, c/o Paul Goguen
Name of the current creditor (the person or entity to be paid for this claim)

Other names the creditor used with the debtor _____

2. **Has this claim been acquired from someone else?** No
 Yes. From whom? _____

3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
	<u>The Cross Law Firm, PLC, James Cross, Esq.</u> Name <u>1850 N. Central Ave., Suite 1150</u> Number Street <u>Phoenix AZ 85004</u> City State ZIP Code Contact phone <u>602-412-4422</u> Contact email <u>jcross@crosslawaz.com</u>	 Name Number Street City State ZIP Code Contact phone _____ Contact email _____
	Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____	

4. **Does this claim amend one already filed?** No
 Yes. Claim number on court claims registry (if known) 70 Filed on 10/01/2018
MM / DD / YYYY

5. **Do you know if anyone else has filed a proof of claim for this claim?** No
 Yes. Who made the earlier filing? _____

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

6. Do you have any number you use to identify the debtor? No
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____

7. How much is the claim? \$ 2,490,433.00. Does this amount include interest or other charges?
 No
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information.
deferred compensation approved by limited partnership agreement

9. Is all or part of the claim secured? No
 Yes. The claim is secured by a lien on property.
Nature of property:
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
 Motor vehicle
 Other. Describe: _____
Basis for perfection: _____
Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)
Value of property: \$ _____
Amount of the claim that is secured: \$ _____
Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.)
Amount necessary to cure any default as of the date of the petition: \$ _____
Annual Interest Rate (when case was filed) _____ %
 Fixed
 Variable

10. Is this claim based on a lease? No
 Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No
 Yes. Identify the property: _____

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

No

Yes. Check one:

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

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

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

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

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

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

Amount entitled to priority

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

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

Part 3: Sign Below

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

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

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

Check the appropriate box:

I am the creditor.

I am the creditor's attorney or authorized agent.

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

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

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

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

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

Executed on date 10/02/2018
MM / DD / YYYY

/s/ James E. Cross

Signature

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

Name James E. Cross
First name Middle name Last name

Title Attorney

Company The Cross Law Firm, PLC
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 1850 N. Central Ave., Suite 1150
Number Street

Phoenix AZ 85004
City State ZIP Code

Contact phone 602-412-4422 Email jcross@crosslawaz.com

ioVest Development, LLC									
Analysis of Accrued Deferred Compensation to General Partner									
9.20.18									

Using as a reference, the Amended and Restated Limited Partnership Agreement (the "LP Agreement") which is embedded in the Ara Macao Holdings, L.P. Confidential Private Offering Memoranda dated January 19, 2005 and as amended on March 23, 2007, it is disclosed that the General Partner ("GP") is entitled to Compensation based on three types of services rendered, which are 1) Administrative, 2) Project Management and 3) Property Management. Each of the Services and corresponding Fees charged are cited and described below followed by a computation of actual compensation paid to principals of the GP and compensation deferred and accrued by principals of the GP. The initial reference period is from inception in 2004 through December 31, 2012. The second reference period is from January 1, 2013 through May 30, 2018.

Limited Partnership Agreement Section 6.05 Partnership Expenses

Administrative Salaries: Pursuant to Section 6.05 of the AMH LP Limited Partnership Agreement (the "LP Agreement") the General Partner ioVest Development, LLC or "IDL" is entitled to charge the Partnership with salaries for administering the affairs of the Partnership. Such salaries are in addition to other fees for certain other services rendered, which fees the general partner may charge pursuant to those services described under 7.02(d) Project Management and Section 7.03 Property Management of the LP Agreement described below. The following table illustrates a projected salary pay rate for the 4 members of IDL for the 8 year period from 2005 through 2012. The pay rate was developed using the Brilliant Financial Staffing 2012 Salary Survey (www.brilliantfs.com). To arrive at a final pay rate, IDL applied a 20% discount to the Brilliant standard rates for comparable management positions in similar size companies. The resulting annual salary pay rate is computed as follows:

	Market Rate	80% of Market Rate							
Paul G	\$ 175,000	\$ 140,000							
Chick B	150,000	120,000							
Vince M	150,000	120,000							
Dave G	150,000	120,000							

Using these rates, the following table computes the projected accrued salary for 2005 through 2012:

Accrued	2005	2006	2007	2008	2009	2010	2011	2012	Total
Paul G	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	1,120,000
Dave G	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	960,000
Chick B	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	960,000
Vince M	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	960,000
Total	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,000,000

Limited Partnership Agreement, Section 7.02 Project Management

Project Management Fee: Pursuant to Section 7.02(d) of the LP Agreement, IDL may charge a Project Management Fee equal to 1.5% of total Project Costs exclusive of Marketing Costs, the Project Management Fee, any Syndication expenses, Real Estate Brokerage Fees, or other fees paid to the General Partner. The following table computes the Project Management Fee based on Net Project Costs during the period from inception 2008 through 2012:

Total Project costs incurred (inception thru 2012)	\$ 15,589,901
Less Syndication Fees (Section 7.03 Below)	2,213,268
Less Administrative Salaries	4,000,000
Less Marketing Fees	1,480,059
Net Project Costs	\$ 7,896,574
Project Management Fee @ 1.5%	\$ 118,448.61

Limited Partnership Agreement, Section 7.03 Property Management

Section 7.03. Notwithstanding the provisions of Section 8.02 (a), the General Partner or its affiliates may perform customary third party services including but not limited to, property management, syndication, asset management and disposition, leasing of commercial space, brokerage services, financing and refinancing and such other services for the Partnership, provided that the compensation therefor to the General Partner or any of its affiliates is competitive in price and terms with that which would be payable to persons who are not affiliated with the General Partner or its affiliates rendering comparable services which could reasonably be made available to the Partnership. Syndication costs associated with the organization and funding of the Project include feasibility analysis, preparation of financial projections, preparation of confidential private offering memoranda, printing, postage, telecommunications, third party brokers and finders, brokerage commissions and other such costs and expenses totaling a projected fifteen percent (15%) of the total Offering Proceeds. Any syndication costs not paid to third parties shall be retained by the General Partner.

The following table calculates the Net Syndication Fee earned by the GP

Proceeds from the Offering:	
LP Units	\$ 7,500,000
Condo Deposits (Founders Club)	5,716,250
Condo Deposits (Charter Member)	1,538,869
Sub-Total Offering Proceeds (3)	14,755,119
Syndication Fee @ 15%	2,213,268

Syndication Fees earned are projected to be allocated in the following manner:

Brokerage Commissions (7%) of Offering Proceeds										(This 7% brokerage fee is interpreted here as being included in the 15% Syndication Fee, although it could be concluded from reading 7.03 above that it is in addition to.)
Organization Costs (Feasibility, PPM, Financial Projections, etc.)				\$ 1,032,858						
Less Brokerage Commissions Paid to Third Parties (1)				1,180,410					2,213,268	
Net Syndication Fee Earned & Allocated to GP									404,575	
									1,808,693	
A Summary of the Total Fees earned by the GP during the subject period follows:										
Administrative Salaries Accrued				\$ 4,000,000						
Project Management Fee				118,449						
Property Management (Syndication)				1,808,693						
Total				5,927,141						
The following schedule shows actual payments made to the four principals of the GP during the subject period. Such payments are derived from 1099's filed with the IRS.										
	2005	2006	2007	2008	2009	2010	2011	2012	Total	
Paul G	\$ 133,500	\$ 167,550	\$ 138,500	\$ 126,500	\$ 36,300	\$ 22,500	\$ 38,700	\$ 27,803	\$ 691,353	
Dave G	70,500	110,000	115,000	107,000	32,500	10,825	36,340	7,396	489,561	
Chick B	72,178	148,000	126,268	91,714	31,150	22,500	47,750	23,732	563,292	
Vince M	191,000	147,000	111,718	118,297	31,150	22,500	35,010	2,663	659,338	
Total	467,178	572,550	491,486	443,511	131,100	78,325	157,800	61,594	2,403,544	
Following is a calculation of the Compensation owed to the GP for the subject period:										
Total Compensation earned				\$ 5,927,141						
Total paid				2,403,544						
Deferred and Owing				3,523,597						
Additional Administrative Salaries earned by the GP during the period January 1, 2013 through May 30, 2018 are projected in the following table. Salaries are charged at 1/2 the rate charged during the 2005 through 2012 period and reflect the period during which the 4 principals contributed to the GP workload.										
	2013	2014	2015	2016	2017	2018	Total			
Accrued										
Paul G	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 29,167	\$ 379,167			
Dave G (2)	30,000	0	0	0	0	0	30,000			
Chick B	60,000	60,000	60,000	0	0	0	180,000			
Vince M	60,000	60,000	60,000	0	0	0	180,000			
Total	220,000	190,000	190,000	70,000	70,000	29,167	769,167			
Additional Administrative Salaries paid to the GP during the period January 1, 2013 through May 30, 2018 are projected in the following table.										
	2013	2014	2015	2016	2017	2018	Total			
Paid										
Paul G	\$ 92,025	\$ 57,050	\$ 56,800	0	0	0	\$ 205,875			
Dave G (2)										
Chick B										
Vince M										
Total	92,025	57,050	56,800	0	0	0	205,875			
Net Deferred Compensation to the GP is summarized below:										
Deferred Compensation 2005 through 2012				\$ 3,523,597						
Deferred Compensation 2013 through 5/30/18				769,167						
Total Deferred Compensation				4,292,764						
Less Salaries Paid 2013 through 5/30/18				205,875						
Net Deferred Compensation to GP				4,086,889						