

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

IN RE:)
)
 William Barry Bland)
 Sherrill Ann Robertson-Bland)
)
 Debtor.)
_____)

CASE NO: 16-02464-HB
Chapter 11

DISCLOSURE STATEMENT

William Barry Bland and Sherrill Robertson-Bland, the debtors-in-possession, provide this Disclosure Statement to all of **their** known creditors in order to disclose that information deemed by the Debtors to be material, important, and necessary for **all** creditors to arrive at a reasonably informed decision in exercising their right to vote on the Plan of Reorganization.

This Disclosure Statement has been filed with the U. S. Bankruptcy Court in Columbia, South Carolina. A Plan of Reorganization was filed as well. Both include a "Schedule of Payments" which itemizes the amounts to be paid to each creditor.

By the time you receive a copy of this Disclosure Statement, which should be accompanied by a copy of the Plan of Reorganization and a Voting Ballot, a hearing on the Disclosure Statement will have already been held and an order approving it will have been issued by the Bankruptcy Judge. This is the procedure unless you have requested a copy of the Disclosure Statement prior to the hearing.

The next step is for you to vote to accept or reject the Debtor's Plan of Reorganization. The court has scheduled a hearing on the Plan of Reorganization and you should have been or will be notified of the exact time, date and location. Creditors may vote on the Plan of Reorganization by filling out and mailing the accompanying Ballot to the Bankruptcy Court. As a creditor your vote is very important. The Plan of Reorganization can be confirmed by the Court if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each class voting on the Plan. In the event the requisite acceptances are not obtained, the court may nevertheless confirm the Plan if the court finds the Plan accords fair and equitable treatment to the class rejecting it.

It is important in making your decision to accept or reject the Debtor's Plan of Reorganization to especially review the "liquidation analysis" section of the Disclosure Statement.

The question in a bankruptcy reorganization (such as Chapter 11) is whether or not the creditor receives an amount equal to what it would have received under a bankruptcy liquidation (i.e., under Chapter 7), not whether or not they receive all that is owed to them. It is, therefore, important for a creditor to understand that simply because the creditor does not like bankruptcy or is not going to receive all of its money under the Plan, does not mean that the creditor should reject the Plan or not vote on the Plan at all. Again, therefore, it is important to review the liquidation analysis. Of course, a creditor will want to review the remaining portions of the Disclosure Statement as well.

The Debtors' Plan of Reorganization is based upon the Debtors' belief that the present forced liquidation (Chapter 7) net value of their principal assets is so small as to offer the potential of only a minimal recovery to creditors. The Debtors believe that a Chapter 11 reorganization will allow a more substantial recovery to creditors.

ADEQUATE INFORMATION

A disclosure statement should contain adequate information to allow creditors to make an informed decision as to whether the confirmation of the plan is in their best interests. The disclosure statement should be meaningful and easily understood. While circumstances will vary widely from one Chapter 11 case to the next, and, therefore, the parameters of "adequate information" may also vary, the following information is considered to be critical to an evaluation of the adequacy of a disclosure statement.

1. The necessary financial information, data and projections relevant to the creditors' decision to accept or reject the Chapter 11 plan.
2. The assets and liabilities of the business of applicable. Provide current balance sheet information and the source of appraisal values.
3. The events leading to the filing of the petition and the financial difficulties of the debtor.
4. The operating condition and success of the debtor while in Chapter 11.
5. An estimate of the return to creditors under a Chapter 7 liquidation (brief liquidation analysis).
6. A list of all claims against the debtor, if practicable, showing the claims to which objections are anticipated and the reasons for the objections. A list of claims to be recognized under the plan.
7. A statement regarding the debtor's compliance with all responsibilities to file tax returns and pay taxes due both pre and post-petition.
8. An analysis of the potential tax consequences to the debtor and other parties -in-interest resulting from the plan.
9. The parties responsible for the future management of the debtor (controlling persons) if applicable, and the rate or amount of compensation to be paid for their services.
10. A detailed estimate of the administrative expenses contemplated under the plan, including, but not limited to, attorneys' fees, accountants' fees and other professional fees and expenses. This includes quarterly fees to the Office of the United States Trustee ("UST").
11. The estimated collectibility of the debtor's accounts receivable if applicable.
12. The risks posed to creditors under the plan.
13. An analysis of potential preferential or otherwise voidable transfers and the debtor's plan, if any, to pursue such recoveries.
14. Anticipated future litigation (bankruptcy and non-bankruptcy contexts) and the estimated cost and sources of revenue to fund this litigation.
15. A statement that the plan represents a legally binding arrangement and should be read in its entirety, as opposed to relying on the summary in the disclosure statement.
16. The impaired classes under the plan. Include a layman's definition of impairment.

17. A statement that approval of the disclosure statement by the Bankruptcy Court does not constitute approval of the plan.
18. Whether any creditors' committee exists and, if so, whether it participated in negotiating the terms of the plan.
19. An explanation of the voting requirements for acceptance of the plan.

PROVISIONS SPECIFIC TO DEBTORS WHO ARE INDIVIDUALS

Title 11 includes a number of provisions that apply specifically to chapter 11 cases in which the debtor is an individual, including the following:

1. Property of the bankruptcy estate includes property acquired post-petition. See 11 U.S.C. section 1115(a)(1).
2. Property of the bankruptcy estate includes post-petition earnings from personal services. See 11 U.S.C. section 1115(a)(2).
3. The plan must provide for the debtor to pay creditors all or such portion of earnings from personal services or other future income of the debtor as is necessary for the execution of the plan. See 11 U.S.C. section 1123(a)(8).
4. If the holder of an allowed unsecured claim objects to confirmation of the plan, the plan must either provide for payment in full of the claim as of the effective date, or for payment of the projected disposable income of the debtor for five years or for the term of the plan, whichever is longer. Disposable income is defined in 11 U.S.C. section 1325(b)(2). See 11 U.S.C. section 1129(a)(15).
5. At the request of the debtor, the trustee, the UST, or the holder of an allowed unsecured claim, the plan may be modified at any time after confirmation but before completion of payments to (a) increase or reduce the amount of payments to a particular class; (b) extend or reduce the time period for payments; (c) change the amount to be paid to a creditor to the extent necessary to take account of any payments made other than under the plan. See 11 U.S.C. section 1127(e).
6. At the request of the Court, the UST, or any party in interest, the debtor must file with the Court a copy of any post-petition federal income tax returns at the same time they are filed with the taxing authorities, and certain pre-petition federal income tax returns that had not been filed with the taxing authorities on the petition date. See 11 U.S.C. section 521(f).
7. Except as provided below an individual debtor does not receive a discharge until completion of all payments under the plan. The Court may not grant a discharge until completion of all payments under the plan. However, the Court may grant a discharge to an individual debtor, who has not completed all plan payments if the Court finds that the value of the property actually distributed to unsecured creditors as of the effective date of the plan is not less than the amount that would have been paid in a chapter 7 case if the estate had been liquidated on the effective date, and the Court also finds that modification of the plan under 11 U.S.C. section 1127 is not practicable. See 11 U.S.C. section 1141(d)(5).

INFORMATION REGARDING DEBTOR

On May 17, 2016, the debtors filed their chapter 11 petition commencing their reorganization, and declaring the case as an "individual" case as that term is defined under the Bankruptcy Code. The debtors filed 40 pages of schedules on June 14, 2016. On June 16, 2016, the debtors filed their "Application to Employ their Attorney" to handle this reorganization. On June 29, 2016, the Court entered its Order approving that

Application. The "First Meeting of Creditors" was held on July 1, 2016. The debtors answered all questions asked by creditors and/or the attorney for the office of the United States Trustee for Region Four, who administered the meeting.

William Barry Bland is the 100% sole owner of William Barry Bland Law Office, LLC, and his wife works in the office with him. This is the manner in which they receive their primary source of income.

Debtors' intentions in their plan of reorganization

The debtors propose in their chapter 11 plan of reorganization to re-amortize their home mortgage note which has now matured. The debtors and the creditor, First Citizen's Bank have entered into a modification of that note and mortgage to reduce the monthly payments, and pay the debt at 5% interest over a period of ten years. This agreement has been filed with the Court for its approval. The normal contractual payment was \$1,650.00, yet the new agreement reduces the payments by \$700.00 per month, which will assist the debtors in their reorganizational efforts.. Further, the debtors propose to pay priority tax creditors over a 50 month period with 3% interest until their priority claims are paid in full. Finally, the debtors propose to pay a percentage on the dollar to general unsecured creditors without interest over a period of 60 months. All priority and unsecured payments will commence with the "effective date of the plan", which is the 15th day after the Order Confirming the Plan has been entered by the Court. Payments to the mortgage lender commenced under the new agreement October, 2016.

Source of information used in Disclosure Statement

The source of information used in this Disclosure Statement includes the following:

- (1) Debtors' opinion
- (2) Debtors' schedules filed with the bankruptcy court
- (3) Financial statements prepared by Debtors' accountant, with cooperation of the Debtors
- (4) Notes and invoices provided by the Debtors
- (5) Proofs of claims and other documentation filed and/or provided by creditors
- (6) Monthly operating reports filed with the bankruptcy court
- (7) Tax returns
- (8) Offers to purchase property of the debtor as described above
- (9) Other documents filed with the Court

All who review this Disclosure Statement should be aware that no official audit of the Debtors' books has been performed, and the information provided to the Debtors' accountant and attorney is provided by the Debtors and is unaudited and some information is based upon the Debtors' opinions. Therefore, creditors and parties in interest should review the entire Disclosure Statement with that in mind. Additionally, each should review not just the Disclosure Statement, but also the entire Plan of Reorganization in making a decision to accept or reject the Plan. No actual risks are posed to creditors under this Plan, and based upon the liquidation analysis it is the Debtors' opinion and the opinion of their attorney that creditors will receive more under this Chapter 11 Plan than in a Chapter 7 liquidation of assets. However, each creditor should understand that the Plan of Reorganization once approved by the Court does in fact represent a legally binding arrangement, and therefore, should be read in its entirety as opposed to relying solely on the summary of the Plan reflected in the Disclosure Statement. Also, of importance is the fact that Bankruptcy Court approval of the Disclosure Statement does not constitute approval by that Court on the merits of the Plan of Reorganization. These are two separate and distinct documents, and approval of one by the Court is determined separately and distinctly from approval of the other.

No creditors' committee exists in this case. No preferential or other avoidable transfers occurred in this case. No affiliates of the Debtor are involved in this case. No securities are involved in this case. No future transactions involving insiders or affiliates are expected as none are relevant to this case. The Debtors are consulting with their accountant regarding potential tax consequences resulting from the Plan.

The Debtors ask that each creditor and party in interest review this Disclosure Statement and Plan of Reorganization, and the Debtors ask that each cooperate in allowing all a successful reorganization effort in order to bring resolve to these matters.

TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

Class 1 Except to the extent that the holder of a particular claim has agreed to a different treatment, with respect to a Class of claims of a kind specified in §507(a)(1), 507 (a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code, each holder of such Class will receive:

- (i) if such Class has accepted the Plan, deferred cash payments of a value, as of the effective date of the Plan, equal to the allowed amount of such claim, or
- (ii) if such Class has not accepted the Plan, cash on the effective date of the Plan equal to the allowed amount of such claim.

Class 2 Except to the extent that the holder of a particular claim has agreed to a different treatment, with respect to a claim of a kind specified in §507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the Plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim. As to a claim of a kind specified in §507(a)(8), the holder of such claim will receive on account of such claim regular installment payments in cash,

- (i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;
- (ii) over a period ending not later than 5 years after the date of the order for relief under §301, 302, or 303; and
- (iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under §1122(b)).

Class 3(A) through 3(C) Secured Claims held by creditors with security interests in real and/or personal property, including stock, shall be paid in monthly installments beginning on the Effective Date of the Plan and continuing until such time they are paid in full, unless the collateral security these debts is to be surrendered, in which case any deficiency shall be treated as an unsecured claim. The property securing the Secured Claims will remain subject to the liens and interests of each secured creditor to the extent of the value of the collateral until such claims are paid. **Class 3(A) through 3(C)** shall be treated as separate classes for voting purposes,

and shall be deemed to be impaired. If property upon which a lien or mortgage has been perfected is sold, then the value of such allowed secured claims shall be paid from proceeds of the sale in the order of priority according to 11 U.S.C. §363 and all other applicable sections of the Code.

Class 4 Judgment Creditor Claims and Mechanics Liens, if any are impaired under the Plan. If property upon which a judgement has been perfected is sold, then such Class shall be paid their allowed Claims without interest from any proceeds remaining from the sale of that property to which any judgment lien attached, in the order of the date of filing of judgment liens, but only after all Class 3 Claims secured by such property have been paid in full. Otherwise, judgement creditors shall be paid in monthly installments beginning on the Effective Date of the Plan and continuing until such time as they are paid in full. To the extent of any deficiency, Judgment Creditor Claims shall be treated as Unsecured Claims.

Class 5 Executory Contracts and Unexpired Leases

All Contracts which existed as of the Filing Date between the Debtors and any individual or entity, whether such contract be in writing or oral, which have not heretofore been accepted by Final Order or in the Plan of Reorganization, are hereby specifically rejected. Any person or entity claiming rights under an executory contract or unexpired lease rejected pursuant to the provisions of this Article or 11 U.S.C. Section 365 shall have thirty (30) days after the Confirmation Date to file a proof of claim, or such additional time as the Court, before that date, may allow. This Class is deemed to be impaired.

Class 6 Claims of General Unsecured Creditors shall be impaired under the Plan. Such Class shall be paid a percentage of their allowed Claims without interest after the Effective Date as set forth in this Plan of Reorganization. This Class is deemed to be impaired.

Class 7 Equity ownership. This class will receive no monies; however, the stock ownership if the debtor is a corporation, by members of this Class shall be retained. If the debtor is not a corporation, then equity ownership will include partnership property if the debtor is a partnership or any interest in personal or real property of the debtor if the debtor is an individual. This Class shall be deemed to be impaired.

LIQUIDATION ANALYSIS

The bankruptcy schedules filed with the Court reflect the following:

Asset	Value	Claim	Exempt	Net Equity
Real property (primary residence)	\$283,900	\$92,571.83	\$104,800	\$82,528.17
Real property (vacant lot)	\$15,000	\$0.00	\$5,700	\$9,300.00
2003 Chevy Tahoe (145,000 miles)	\$6,000	\$0.00	\$5,825	\$175.00
2008 Mercury Sable (125,000 miles)	\$4,500	\$0.00	\$5,825	\$0.00
1972 MG B-GT (100,000 miles)	\$3,600	\$0.00	\$3,600	\$0.00
Household Furnishings, Electronics, Fender guitar, cat, dog, clothing & yard equipment	\$9,500	\$0.00	\$9,300	\$200.00
Miscellaneous firearms	\$1,950	\$0.00	\$0.00	\$1,950.00
Jewelry	\$2,450	\$0.00	\$2,350	\$100.00
Life insurance (\$450,000 face value term)	\$0.00	\$0.00	100%	\$0.00
401(k)	\$20,818	\$0.00	\$0.00	\$0.00
W. Barry Bland Attorney at Law, LLC (Equity)	\$42,500	\$0.00	\$0.00	\$42,500.00
Checking accounts	\$300	\$0.00	\$0.00	\$300.00
Total Equity				\$137,053.17

* Because the IRS has a secured tax lien in the amount of \$121,711.86, and Spartanburg County has a secured tax lien in the amount of \$2,308.24, those two creditors would in a hypothetical chapter 7 liquidation receive their secured claim amounts, thereby reducing the equity in assets to \$13,033.07. Since the IRS also filed a priority claims in the amount of \$3,904, it would be paid that amount, thereby decreasing the equity amount to \$9,129.07. This amount would be available for unsecured creditors. Since unsecured debt totals \$71,124.06, the unsecured class would receive a 13% distribution of their debts on a pro rata basis in a hypothetical chapter 7 case. The debtors propose a 25% distribution to that class of creditors in this chapter 11 reorganization without interest over a number of months as reflected in the distribution to creditors section of this disclosure statement.

SUMMARY OF PROFIT/LOSS REPORTS FILED WITH THE COURT

<u>Month</u>	<u>Income</u>	<u>Expenses</u>	<u>Profit/Loss</u>
May 17-31, 2016	\$6,631.15	\$1,054.38	\$5,576.77
June, 2016	\$3,392.36	\$6,517.12	(\$3,124.76)
July, 2016	\$4,147.75	\$3,298.96	\$848.79
August, 2016	\$4,933.36	\$4,224.74	\$708.62
September, 2016	\$2,406.27	\$2,111.90	\$1,359.52

Total surplus: \$5,368.94 divided by 4.57 months = \$1,174.82 per month average. The total amount of proposed payments under the debtors' plan equals \$4,066.81 per month, which includes the re-amortized mortgage payments that began in October, 2016. Thus far in this chapter 11 case, Barry Bland has paid himself a very conservative salary from his law office business. However, as he now sees the amount of payments that will be required to fund the proposed chapter 11 plan, he will pay himself a more liberal amount from his law firm business. That business involves the practice of certain types of law, which includes family law and personal injury cases. Fortunately for the business, but unfortunately for its domestic clients, family law matters increase considerably after Christmas, which means the business will recognize more income in the first quarter of the year 2017. Also, as to personal injury cases, Barry Bland settled as case in the past few days that will generate a \$6,000 fee of which he will likely take \$4,000 in addition to his ordinary income. Although, domestic cases are greatly reduced in the month of December, those should as stated above increase after the first of the year. Barry Bland also has other personal injury cases expected to settle in the first and second quarter of the year 2017 that are expected to generate attorney's fees in the range of \$60,000 that can be used to fund the proposed chapter 11 plan. Future funding of the chapter 11 plan will be accomplished by the same means as the debtor expects to continue operating his law firm and generating these types and amounts of income.

SCHEDULE OF DISTRIBUTION OF PAYMENTS TO CREDITORS

Class 1. Administrative Claims

Office of the United States Trustee: The debtor will continue to pay quarterly fees to the Office of United States Trustee under 11 USC section 1930(a)(6) until a final decree closing case is issued.

Class 2. Priority Claims

Internal Revenue Service: This creditor filed a claim in the priority amount of \$3,904.00. The debtor will pay the sum of 83.16 per month, which includes 3% interest, until the above claim amount is paid in full. This will involve 50 consecutive monthly payments commencing on the "effective date of the plan."

Class 3(A) through 3(A). Secured Claims

(A) First Citizens Bank & Trust Company:: This entity filed a proof of claim on July 13, 2016, in the total amount of \$92,571.83 secured by the following: This claim is secured by a mortgage on the debtors' primary residence located at 229 Bentway Lane, Spartanburg, SC 29302. The note had matured after the filing of this chapter 11 reorganization. However, on October 20, 2016, the Court entered its order approving an

adequate protection agreement entered into by the parties as follows: As adequate protection to First Citizens Bank & Trust and by agreement of the parties, the parties agree to re-amortize the note and mortgage held as a first lien by lender over a period of 120 months at a new fixed interest rate of five (5%) percent per annum with payments in the amount of \$981.87 per month to begin October 1, 2016. This does not include ad valorem taxes and hazard insurance on the property, nor does it include lender's attorney's fees and costs incurred in this case.

(B) Internal Revenue Service: This creditor filed a claim in the secured amount of \$121,711.86. This creditor will be paid the sum of \$2,592.58 per month, which includes 3% interest, until the above claim amount is paid in full. This will involve 50 consecutive monthly payments to commence upon the "effective date of the plan", which is the 15th day after the Order Confirming the Plan is entered by the Court.

(C) Spartanburg County Tax Collector: This creditor filed a claim in the secured amount of \$2,308.24. This creditor will be paid the sum of \$49.17 per month, which includes 3% interest, until the above claim is paid in full. This will involve 50 consecutive monthly payments to commence upon the "effective date of the plan", which is the 15th day after the Order Confirming the Plan is entered by the Court.

Class 4: Judgments and Mechanic's liens:

None

Class 5: Unexpired leases and executory contracts:

Class 6. General unsecured creditors

Caliber Home Loans.: This creditor did not file a claim. However, the debtors scheduled a debt in the amount of \$8,497.00. The debtor will pay the sum of \$35.40 per month without interest for 60 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$2,124.25.

Capital One: This creditor filed a claim in the amount of \$7,769.82. . The debtor will pay the sum of \$32.37 per month without interest for 60 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$1,942.46.

Capital One: This creditor filed a claim in the amount of \$1,051.13. The debtor will pay the sum of \$10.95 per month without interest for 24 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$262.78

George Brown Associates: This creditor did not file a claim. However, the debtors scheduled a debt in the amount of \$388.00. The debtor will pay the sum of \$8.08 per month without interest for 12 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$97.00.

Internal Revenue Service: This creditor filed a claim for a general unsecured amount of \$46,504.56. The debtor will pay the sum of \$232.52 per month without interest for 50 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$11,626.14.

Mary Black Health System: This creditor did not file a claim. However, the debtors scheduled a debt in the amount of \$150.00. The debtor will pay the sum of \$3.13 per month without interest for 12 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$37.50..

Medical Data System: This creditor did not file a claim. However, the debtors scheduled a debt in the amount of \$105.00. The debtor will pay the sum of \$2.19 per month without interest for 12 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$26.25.

Medicraft, Inc.: This creditor did not file a claim. However, the debtors scheduled a debt in the amount of \$84.00. The debtor will pay the sum of \$1.75 per month without interest for 12 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$21.00.

Spartanburg Ear, Nose & Throat: This creditor did not file a claim. However, the debtors scheduled a debt in the amount of \$1,500. The debtor will pay the sum of \$12.50 per month without interest for 30 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$375.00.

U.S. Bank NA, d/b/a Elan Financial Services: This creditor filed a claim in the amount of \$5,074.55. The debtor will pay the sum of \$21.14 per month without interest for 60 months, which results in a payoff of twenty- five (25%) percent of the total debt, which equals \$1,268.64.

Class 7. Equity Ownership: The debtor will retain all interest in property that it owns.

DEBTORS ARE INDIVIDUALS: SEE CLASS 7 ABOVE.



Robert H. Cooper, Dist. Ct. ID #5670

THE COOPER LAW FIRM

Attorneys for the Debtor

150 Milestone Way, Ste B

Greenville, South Carolina 29615

(864) 271-9911

(864) 232-5236

rhcooper@thecooperlawfirm.com

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Greenville, South Carolina.