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PROPOSED ATTORNEY FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE

1600 Trading Co., LP

DEBTOR

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Case no. 10-40478-BTR-11

CHAPTER 11

**AMENDED DISCLOSURE STATEMENT OF 1600 TRADING CO., LP, PURSUANT
TO SECTION 1125
OF THE BANKRUPTCY CODE DATED SEPTEMBER 30, 2010**

**TO: ALL PARTIES-IN-INTEREST, THEIR ATTORNEYS OF RECORD AND TO
THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:**

**I
INTRODUCTION**

Identity of the Debtors

1600 Trading Co., LP ("1600"), is a Texas Limited Partnership (hereinafter sometimes referred to as "Debtor") which filed a voluntary Chapter 11 case on February 15, 2010, in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division ("Court"). The Debtor purposes to pay its current indebtedness through an orderly sale of its assets to provide a dividend to the creditors of Debtor.

Purpose of Disclosure Statement; Source of Information

Debtor submits this Disclosure Statement pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor's Plan. This Disclosure Statement describes the operations of the Debtor contemplated under the Plan. You are urged to study the Plan in full and to consult with your counsel about the Plan and its impact upon your legal rights. Any accounting information contained herein has been provided by the Debtor.

Explanation of Chapter 11

Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtor. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

Explanation of the Process of Confirmation

Even if all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds ($2/3$) in amount and more than one-half ($1/2$) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds ($2/3$) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds ($2/3$) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds ($2/3$) in amount of the allowed interests of such class actually voting.

The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

Confirmation of the plan discharges the debtors from all of their pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation makes the plan binding upon the debtors and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

Voting Procedures

Unimpaired Class. Claimants in Class 1 and 5 are not impaired under the Plan. Such Classes, therefore, are deemed to have accepted the Plan.

Impaired Classes. The Class 2 through 4, Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2 through 4. Each holder of an Allowed Claim in Classes 2 through 4 may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below.

The Debtor is seeking acceptance of the Plan by the (i) Allowed Tax Creditors; (ii) the Allowed Claims of Secured Creditors; and (iii) the Allowed Claims of the Unsecured Creditors.

Except to the extent permitted by the Bankruptcy Court pursuant to Rule 3018 of the Bankruptcy Rules, ballots that are received after the Voting Deadline will not be accepted or used by Debtor in connection with Debtor's request for confirmation of the Plan.

For all Classes, the ballot must be returned to Eric A. Liepins, 12770 Coit Road, Suite 1100, Dallas, Texas 75251. In order to be counted, ballots must be **RECEIVED** no later than at the time and on the date stated on the ballot.

Best Interests of Creditors Test

Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Bankruptcy Court must determine that the Plan is in the best interests of the Debtor's creditors. Accordingly, the proposed Plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. It is anticipated that in a Chapter 7 liquidation, the Debtor's creditors, other than the secured creditors, would receive nothing. Accordingly, since the Plan proposes a substantial dividend to all creditors, such creditors are

receiving more than they would receive in a Chapter 7 liquidation. Accordingly, the Plan satisfies the requirements of Section 1129(a)(7).

Cramdown

The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

II REPRESENTATIONS

[Note: Paragraphs in brackets to be included after the Bankruptcy Court approves this Disclosure Statement.]

[This Disclosure Statement is provided pursuant to Section 1125 of the Code to all of the Debtor known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan of Reorganization, as amended or modified. The purpose of this Disclosure Statement is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan. A copy of the Plan is attached hereto as Exhibit "A".]

[After a hearing on notice, the Court approved this Disclosure Statement as containing information of the kind and in sufficient detail adequate to enable a hypothetical, reasonable investor typical of the classes being solicited to make an informed judgment about the Plan.]

The information contained in this Disclosure Statement has been derived from the Debtor, unless specifically stated to be from other sources.

NO REPRESENTATIONS CONCERNING THE DEBTOR IS AUTHORIZED BY THE DEBTOR OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTOR RECOMMENDS THAT ANY REPRESENTATION OR INDUCEMENT MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN WHICH IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN REACHING YOUR DECISION ON HOW TO VOTE ON THE PLAN. ANY REPRESENTATION OR INDUCEMENT MADE TO YOU NOT CONTAINED HEREIN SHOULD BE REPORTED TO THE ATTORNEYS FOR DEBTOR WHO SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE FEDERAL SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER

RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD RECEIVE IN A LIQUIDATION OF THE DEBTORS ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN.

DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT, AND EACH CREDITOR AND INTEREST HOLDER IS URGED TO CAREFULLY REVIEW THE PLAN PRIOR TO VOTING ON IT.

III

FINANCIAL PICTURE OF THE DEBTOR

Current Ownership of the Debtor

The Debtor is a Texas Limited Partnership, owned by Cindy Brown and Doug Hyde.

Financial History and Background of the Debtor

The Debtor owns aircraft engines and parts. The company started in 2003 with Doug Hyde and Cindy Brown as the principal owners. The Debtor's business consisted of buying

airplane engines and then selling off the parts of the engines. The Debtor has thousands of airplane parts, which would be the equivalent of more than 40 engines. The Debtor maintained a line of credit to finance its operations at PlainsCapital Bank (“Plains”). In 2009, Plains ceased to allow the Debtor to draw on its Line of Credit. This left the Debtor without sufficient cash to maintain its day to day operations. In an effort to preserve and maintain the value of the inventory until the economic climate recovered, the Debtor allowed Plains to take control of the inventory in September 2009.

Plains did not foreclose on the inventory and upon a belief that the marketplace was beginning to recover for these type of parts the Debtor filed this petition in February 2010 so it could sell the inventory and pay its creditors.

Major Post-Petition Operations and Actions

Immediately upon the filing of the case, the Debtor sought to compel Plains to return the Debtor’s inventory so it could resume operations. Plains opposed the relief sought and filed a motion with the court for relief from the automatic stay to allow it to foreclose on the inventory. The Debtor opposed the relief. At this time a dispute arose over what amount of inventory was delivered to Plains and what amount of inventory Plains had. All parties agreed that it was necessary to detailed count of all the inventory turned over to Plains. The counting of tens of thousands of parts took an extremely long time and it was only in late September 2010 that the count was complete. At a hearing on October 25, 2010, the Debtor, Plains and TIMCO Engine Center, Inc. (“TIMCO”) entered into an agreement to provide for the liquidation of the Debtor’s inventory through Plan Trustee(s). The Debtor, Plains and TIMCO entered into that certain Agreed Order entered by the Court on November 3, 2010 (Docket #51).

Future Income and Expenses Under the Plan

Under the terms of the Plan, the Plan Trustee(s) will sell the inventory and use the proceeds to pay the claims of the creditors in Classes 1 through 4 of the Plan. According to the terms of the Plan the sales will be completed within 48 months of the Effective Date.

Post-Confirmation Management

Upon Confirmation of the Debtor’s Plan, the Reorganized Debtor shall retain its current ownership. The ownership will receive any excess proceeds from the sale of the Property after payment of all claims under the Plan.

IV.

ANALYSIS AND VALUATION OF PROPERTY

The Debtor owns thousands of aircraft engine parts. Under the terms of the Plan an organized sale over a 48 month period should yield sufficient funds to pay all creditors and to provide a return to the equity holders.

Liquidation Value of Assets

As set forth above, the Debtor's assets consist of thousands of aircraft engines parts. The value of the parts if sold in bulk at a forced sale would not be sufficient to pay all creditors of the estate in full.

V. **SUMMARY OF PLAN OF REORGANIZATION**

The Debtor's Plan will segregate the existing claims into 5 categories of Claimants. These claimants will receive cash payments over time from the Plan Trustee(s).

Satisfaction of Claims and Debts: The treatment of and consideration to be received by holders of Allowed Claims or interests pursuant to this Articles 5 and 6 of this Plan shall be the sole and exclusive means for full settlement, release and discharge of their respective Claims, Debts, or interests. On the Confirmation Date, the Plan Trustee(s) shall assume all duties, responsibilities and obligations for the implementation of this Plan. Any class of Claimants failing to vote on this Plan shall be deemed to have accepted this Plan in its present form or as modified or amended as permitted herein.

Class 1 Claimants (Allowed Administrative Claims of Professionals and US Trustee) are unimpaired and will be paid in cash and in full on the Effective Date of this Plan. Professional fees are subject to approval by the Court as reasonable. Debtor's attorney's fees approved by the Court and payable to the law firm of Eric Liepins, P.C. will be paid immediately following the later of Confirmation or approval by the Court out of the available cash. This case will not be closed until all allowed Administrative Claims are paid in full. Class 1 Creditor Allowed Claims are estimated as of the date of the filing of this Plan to not exceed the amount of \$10,000 including Section 1930 fees. Section 1930 fees shall be paid in full prior to the Effective Date. The Debtors are required to continue to make quarterly payments to the U.S. Trustee and may be required to file post-confirmation operating reports until this case is closed. The Class 1 Claimants are not impaired under this Plan.

Class 2 Claimants (Allowed Secured Claim of PlainsCapital Bank) are impaired and shall be satisfied as follows: The Debtor is indebted to PlainsCapital Bank ("PCB") pursuant to the certain Loan and Security Agreement dated October 17, 2007 with a borrowing capacity up to \$6,000,000. PCB shall have an Allowed Secured Claim in the amount of \$5,016,782.51. The Debtor shall retain the Collateral and the Plan Trustee(s) shall pay PCB in accordance with the terms of the Liquidation Trust set forth in the Plan. The Plan Trustee(s) shall make the payments in accordance with the terms of the Plan Trust until the Class 2 creditor has been paid in full. The Class 2 Creditor is impaired under this Plan.

Class 3 Claimant (Allowed Secured Claim of TIMCO Engine Center, Inc.) are impaired and shall be satisfied as follows: The Debtor is indebted to TIMCO Engine Center, Inc., ("TIMCO") for services and materials provided for eleven aircraft engines or parts thereof that TIMCO maintains in its possession at TIMCO's Oscoda, Michigan facility (the "Michigan Inventory"). TIMCO shall have an Allowed Secured Claim in the amount of \$486,833.46 (the

“TIMCO Claim”) that is secured by the Michigan Inventory; provided, however, the Debtor reserves the right to raise its objections to the amount of the TIMCO Claim as set forth in Article 6 below. The Debtor shall retain the Michigan Inventory and the Plan Trustee shall pay TIMCO in full with interest at the rate of 6% per annum from November 1, 2010, in accordance with the terms of the liquidation Trust set forth below. TIMCO and the Debtor have entered into that certain Agreed Order enter by the Court on November 3, 2010 [Docket #51]. The general terms and conditions of the Agreed Order are contained in Article 6 below; however, in the event of a conflict between the Agreed Order and the Plan, the Agreed Order shall control. The Class 3 Creditor is impaired under this Plan.

Class 4 Claimants (Allowed Unsecured Creditors) are impaired and shall be satisfied as follows: The Unsecured Creditors shall share pro rata in payments made by the Plan Trustee(s) on a quarterly basis after payment in full of the Class 1 , 2 and 3 creditors. The distributions shall continue until all Allowed Unsecured Creditors have been paid in full, or until the fourth anniversary of the Effective Date. In the event not all Class 4 claims have been paid in full by the fourth anniversary of the Effective Date the Plan Trust shall terminate in according with the provisions set forth below. The Class 4 Creditors are impaired under this Plan.

Class 5 Claimant (Current Owners) are not impaired under the Plan and shall be satisfied as follows: The current member will receive no payments under the Plan, and the current members shall retain their existing interests. The Class 5 shareholders are not impaired under this Plan.

ARTICLE VI MECHANICS/IMPLEMENTATION OF PLAN

Debtor anticipates using the proceeds from the sale of the inventory to fund the Plan. Upon confirmation of the Plan, the Property will be transferred to the Plan Trustee(s) to be sold in accordance with the terms of the Liquidation Trust more fully described in the Plan of Reorganization.

None of the Debtor, the Debtor-in-possession, the Plan Trustee(s) nor any of their employees, officers, directors, agents or representatives, nor any professionals employed by them or any of their members, agents, representatives or professional advisors, shall have or incur any liability to any person or entity for any act taken or omission made in good faith in connection with or related to formulating, implementing, confirming or consummating this Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with this Plan.

VII. FEASIBILITY OF PLAN

The Debtor believes that the Plan is feasible.

VIII.
RETENTION OF JURISDICTION

The Bankruptcy Court's jurisdiction shall be retained under the Plan as set forth in Article XIV of the Plan.

This Plan shall be the sole and exclusive remedy for any Creditor of the Debtor's dealt with herein, so long as Debtor or the Plan Trustee(s) is not in default under the Plan.

IX.
ALTERNATIVES TO DEBTOR'S PLAN

If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. Generally, a liquidation or forced sale yields a substantially lower amount. The property is unique in nature and the best price can only be obtained an experienced operator in aircraft part sales.

X
RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

Claimants and Equity Interest Holders should be aware that there are a number of substantial risks involved in consummation of the Plan. Most notably the Plan contemplates that the Plan Trustee(s) will be able to sell the Property with 48 months for an amount to pay all creditors in full.

XI.
TAX CONSEQUENCES TO THE DEBTOR

Implementation of the Plan may result in federal income tax consequences to holders of Claims, Equity Interest Holders, and to the Debtor. Tax consequences to a particular Creditor or Equity Interest Holder may depend on the particular circumstances or facts regarding the Claim of the Creditor or the interests of the Equity Interest Holder. CLAIMANTS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE AND LOCAL TAX LAWS.

XII.
PENDING OR ANTICIPATED LITIGATION

The Debtor is not involved in any litigation which will substantially alter the Debtor's projected performance. The Debtor's books and records in the do not reveal any potential cause of action for preferential payments or fraudulent transfers which would benefit the creditors of the estate.

Dated: September 30, 2010.

Respectfully submitted,

1600 Trading Co., LP

/s/ Doug Hyde

By: Doug Hyde, Managing Member
Of the General Partner