UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF LOUISIANA

IN RE:	**CASE NO. 13-12786**
E. H. Mitchell & Company, L. L. C.	**SECTION: B**
DEBTOR	**CHAPTER 11**

DEBTOR'S THIRD AMENDED DISCLOSURE STATEMENT

NOTICE:

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE COURT UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE CHAPTER 11 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE COURT THAT THIS DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.

Dated: September 5, 2014
New Orleans, Louisiana

Submitted by:
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I. INTRODUCTORY STATEMENT

On October 8, 2013 *E. H. Mitchell & Company, L. L. C.* ("Debtor") filed a Voluntary Petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Louisiana ("Court"). The Debtor believes that this Plan provides the maximum recovery for the estate and the creditors of the estate.

Pursuant to the terms of the Bankruptcy Code, acceptance of the Plan by holders of claims or interests may not be solicited unless, at the time of or before such solicitation, there is transmitted to the holder, a copy or summary of the plan and a written disclosure statement approved by the Court as containing adequate information. The Debtor has prepared this disclosure statement to disclose that information which, in its opinion, is necessary to make an informed evaluation of the Plan. This disclosure statement, including the summary of the Plan contained herein, has been presented to and approval sought by the Court. The Court's approval does not constitute a judgment by the Court as to the desirability of the Plan, but only that the disclosure statement contains information sufficient to enable a typical creditor to make an informed judgment about the Plan.

Provided that at least one class of impaired claims vote in favor of the Plan, if any class or classes of creditors whose claims are impaired fails to accept the Plan, it may still be confirmed under the "cramdown" provision of § 1129(b) of the United States Bankruptcy Code. These provisions require that the Plan be fair and equitable as to the objecting class. As to a class of unsecured creditors, this means that the class must be paid in full before any junior class of claims or interests receiving anything of value under the Plan. This principle is sometimes referred to as the "Absolute Priority Rule".[1] The United States Supreme Court in *Norwest Bank Worthington v. Ahlers*, 485 U.S. 1997 (1998) said that "[a]s the court of appeals stated, the absolute priority rule 'provides that a dissenting class of unsecured creditors must be provided for in full before any junior class can receive or retain any property [under a reorganization] plan.' " 485 U.S. at 202. As to secured creditors, the fair and equitable rule requires that they receive the indubitable equivalent of their claim or that they retain their lien on and receive deferred cash payments equal to the value of their interests in property of the Estate. The Debtor believes that the Plan meets these requirements and hereby requests confirmation under § 1129(b) as to any class that fails to accept the Plan.

In order to vote on the Plan, a creditor or holder must have filed a proof of claim or interest prior

[1] *Collier on Bankruptcy* (15th Ed.) at §1129.04[4][a][I] summarizes the "Absolute Priority Rule" as follows: a plan of reorganization may not allocate any property whatsoever to any junior class on account of the member's interest or claim in a debtor unless all senior classes consent, or unless such senior classes receive property equal in value to the full amount of their Allowed Claim, or the debtor's reorganization value, whichever is less.

to April 22, 2013 the Bar Date Order (P.70), unless the claim is scheduled by Debtor and it is not stated in the schedules as disputed, unliquidated or contingent Any creditor scheduled as (1) undisputed, (2) liquidated, and (3) not contingent, is to the extent scheduled, deemed to have filed a claim.

In order for the Plan to be accepted by creditors, a majority in number and two-thirds (2/3) majority in amount of claims filed, allowed (for voting purposes) and voting in each impaired class of creditors must vote to accept the Plan. In order for the Plan to be accepted by interest holders, a two-thirds (2/3) majority in amount of interest allowed (for voting purposes) and voting in each impaired class of interests must vote to accept the Plan. If the Debtor is unable to obtain the requisite acceptances, it may be able to obtain confirmation of the Plan, despite the non-acceptance of one or more classes, pursuant to 11 U.S.C. §1129 as discussed more fully above.

A creditor or interest holder may vote on the Plan by filling out and mailing the enclosed ballot, which the Court has provided. The ballots must be returned by _____, 20___; no vote received after such time will be counted or included in the tally, unless such late ballot is accepted by the Debtor and authorized by the Court. Whether a creditor or interest holder votes on the Plan or not, such claim holder will be bound by the terms of the Plan if the Plan is accepted. You are, therefore, urged to complete, date, sign, and promptly mail the ballot to Robert L. Marrero and the firm of Robert L. Marrero, LLC, 3520 General DeGaulle Drive, Suite 1035, New Orleans, LA 70114 in the envelope provided.

NO REPRESENTATIONS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT CONCERNING DEBTOR OR THE PLAN IS AUTHORIZED BY DEBTOR. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. DUE TO THE COMPLEXITY OF THE DEBTOR'S FINANCIAL MATTERS, THE DEBTOR IS UNABLE TO WARRANT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THIS DOCUMENT UNLESS ANOTHER DATE IS SPECIFIED HEREIN AND THE DELIVERY OF THIS DOCUMENT DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGES IN THE INFORMATION SET FORTH HEREIN SINCE SUCH DATE.

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW OF THE PLAN BY EACH HOLDER OF A CLAIM OR EQUITY INTEREST. THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN. THE PLAN IS THE OPERATIVE CONTROLLING LEGAL DOCUMENT. AS SUCH, IF THERE IS ANY INCONSISTENCY BETWEEN THE TERMS AND PROVISIONS OF THIS DISCLOSURE STATEMENT AND THE PLAN, THE TERMS AND PROVISIONS OF THE PLAN SHALL CONTROL.

PROJECTIONS: THIS DISCLOSURE STATEMENT MAY INCLUDE SOME PROJECTIONS BASED LARGELY ON THE CURRENT EXPECTATION OF THE DEBTOR AND FUTURE EVENTS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT," AND SIMILAR EXPRESSIONS IDENTIFY THESE FUTURISTIC STATEMENTS. THESE PROJECTIONS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS. IN LIGHT OF THESE UNCERTAINTIES, THE PROJECTED EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED HEREIN. NEITHER THE DEBTOR NOR THE REORGANIZED DEBTOR, NOR ITS COUNSEL UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE ANY PROJECTIONS, WHETHER AS A RESULT OF NEW INFORMATION, UNEXPECTED EVENTS OR OTHERWISE.

II. HISTORICAL BACKGROUND

E. H. Mitchell & Company, L. L. C. is a Louisiana Limited Liability Corporation which was formed and filed with the Secretary of State, State of Louisiana, on October 20, 1993. E. H. Mitchell & Company, L. L. C. is wholly owned by Michael Furr, Steven Furr and Brian H. Furr, who are brothers. E. H. Mitchell & Company, L. L. C. is a manager managed limited liability company. The current manager is Mrs. Patricia Furr.

E. H. Mitchell & Company, L. L. C. was formed to own approximately 871 acres of land in St. Tammany Parish, Louisiana, originally owned by the Furr brothers' grandfather, the late E. H. Mitchell, on which sand and gravel are currently being mined by Standard Gravel Company, Inc. Bigfoot Hunting Club, LLC currently holds a hunting lease over a portion of the acreage.

In 1996 the Debtor executed a sand and gravel lease to Murphy Construction Company, Inc. and Murphy's Trucking. With the Debtor's consent, that sand and gravel lease was assigned to Phoenix Associates Land Syndicate, Inc. Thereafter, a spate of litigation emanated between the Debtor, Phoenix Associates Land Syndicate, Inc. and others in the 22nd Judicial District Court for St. Tammany Parish, the United States District Court for the Eastern District of Louisiana, the United States Bankruptcy Court for the Eastern District of Louisiana and the United States Court of Appeals for the Fifth Circuit. The debtor obtained a Judgment in Louisiana State Court in excess of $6 Million. Collection of the Judgment to date has not occurred, as both Charles Paul Alonzo ("Alonzo") and Phoenix Associates Land Syndicate, Inc. ("Phoenix") filed Chapter 7 bankruptcy relief in the Eastern District of Louisiana.

Ultimately, the Debtor successfully obtained the cancellation of the prior sand and gravel lease(s), allowing it to re-lease the property to Standard Gravel Company, Inc. under terms of which the Debtor considers very favorable. The Bankruptcy Court approved the lease to Standard Gravel Company, Inc. ("Standard") by Court Order dated February 10, 2014 [P-59].

Creditor, Reginald J. Laurent, contends that the following language ought to be included in the Disclosure Statement. The Debtor does not necessarily concur in his requested language.

The Debtor-in-Possession and its property were involved in litigation with the former lessee Phoenix Associates Land Syndicate, Inc., for seven (7) years, from January, 2003 to January 2010. Fraudulent conversion and mis-accounting of production minerals and royalties by Phoenix were the primary cause of the litigation, and those disputes because the primary business of the Debtor-in-

Possession during that period. For example, litigation involving the Debtor-in-Possession and Phoenix may be found in the published opinion of the First Circuit Court of Appeal of Louisiana in **Phoenix Associates Land Syndicate, Inc. v. E. H. Mitchell & Co., L.L.C.,** 2007-0108 (La. App. 1st Cir.9/14/07), 970 So.2d 605, 167 Oil & Gas Rep. 427, *cert. denied*, 2007-2365 (La. 2/1/08), 976 So.2d 723. That case demonstrates the first results obtained by creditor attorney Reginald J. Laurent.

Significantly, during the course of the disputes and litigation against Phoenix under the mineral lease, Mitchell unsuccessfully had been represented against Alonzo and Phoenix by numerous prominent law firms. Prior to hiring Laurent, Mitchell had retained and paid seven (7) prominent lawyers and law firms to handle the lease dispute with Phoenix between 1999 and 2006. The lawyers and law firms included: 1) Allen Tillery of Favret Demarest in New Orleans; 2) Elizabeth Futtrell of Jones, Walker in New Orleans; 3) Paul Larne of Talley, Anthony, Hughes, Knight in Covington; 4) John Hainkel of Porteous, Hainkel, Sarpy in New Orleans; 5) David Hunter of Jones, Walker in New Orleans); 6) Alan Ezkovich of Ezkovich & Associates in New Orleans); and 7) Michael Pinkerton of Frilot, Partridge in New Orleans – all before retaining me in *June, 2006*.) Denise Lindsey of Slidell also represented Mitchell.

Not one of the previous lawyers or law firms identified the legal issues involved and afforded Mitchell any relief. None of the lawyers identified that Phoenix had dismembered Mitchell's ownership or that Phoenix was fraudulently converting the sand and gravel production royalties. None of the previous lawyers could or would file pleadings alleging fraud. Laurent spotted the issues in the case and successfully **defended** against Phoenix's allegations and claims of damages in the amount of $11,470,000.00. Laurent successfully **prosecuted** the claims of dismemberment of ownership and fraud. Laurent cancelled the Phoenix lease, evicted Phoenix, returned Mitchell's property, conducted years of discovery, and prosecuted the matter to a jury verdict in Mitchell's favor, valued at six million, six hundred thousand dollars ($6,600,000.00.)

III. SIGNIFICANT POST PETITION ACTIONS

(i) Retention of Professionals

On October 10, 2013 the Debtor filed its application to employ Robert L. Marrero and Robert L. Marrero, LLC as general counsel for the Debtor in Possession [P-3]. On October 15, 2013, the Court approved the application of its general counsel [P-9]. On November15, 2013, by minute entry without entry of a further order, the Court made the approval of Mr. Marrero final [P-21].

On January 7, 2014, the Debtor filed an application to employ Richard W. Martinez as special counsel [P-41], the application of Martinez was noticed for hearing on objections [P-42]. On February 10, 2014, the Court granted the employment of Richard W. Martinez as special counsel [P-57].

Creditor, Reginald J. Laurent, requests that the following language be inserted into the Disclosure Statement, as follows:

The Debtor-in-Possession has pending a mandamus suit in the Twenty Second Judicial District Court for St. Tammany Parish, Louisiana against the Debtor-in-Possession's President Patricia Furr and her husband Member Brian Furr. The purpose of the suit is based on Pre-petition transfers to Patricia Furr and Brian Furr. This state court action may be a fraudulent transfer action, a preference action, or an action under Louisiana state law.

The Debtor includes the requested language, but the inclusion should not be construed as concurrence in it by the Debtor.

(ii) Assumption of the Standard Gravel Lease & Bigfoot Hunting Club Leases

On October 15, 2013 the Debtor filed its motion to assume its pre-petition mineral lease(s) and contract(s) with Standard Gravel Company, Inc. On October 22, 2013 the Debtor filed its motion to assume its pre-petition hunting lease with Bigfoot Hunting Club, Inc. In due course, both motions were granted.

A. Standard Gravel Lease [P-10]. Thereafter, the Debtor filed an amended motion to accept the executory contract (Standard Gravel Lease) [P-34] and on January 29, 2014, a Memorandum in Support of the Debtor's First Motion to Accept the Executory Contract and Debtor's Amended First Motion to Accept Executory Contract [P-48]. An uncontested hearing had been held by the Bankruptcy Court on the Debtor's first filing [P-10], at which time the Court expressed concern about the terms of the lease [P-46]. The hearing was continued until February 5, 2014, at which time the Court granted the Debtor's motions regarding the assumption of the contract as to Standard Gravel Company, Inc. by memo to record [P-55] and Order of the Court docketed February 10, 2014 [P-59].

B. Bigfoot Hunting Club Leases. On October 22, 2013, the Debtor filed a Motion to Assume Lease or Executory Contract regarding the Bigfoot Hunting Club Leases [P-15]. The matter was noticed for hearing on December 18, 2013 [P-16]. The Court granted the Debtor's Motion to Assume the Lease or Executory Contract held by Bigfoot Hunting Club, LLC on January 3, 2014 [P-38].

Bigfoot Hunting Club, L.L.C. leases the following portion of the debtor's acreage:

The E. H. Mitchell property in Township 6 and 7 South, Range 15 East, St. Tammany Parish, Louisiana, being the lower Southern Half of the Stephen Applewhite claim of the property of Section 38 of the Duncan McCall claim which lies North and West of the Railroad, as per plat attached. Property description by St. Tammany Parish Tax Collection: 820 Acs M/L.

Being 136 Acs M/L in Sec 38 7 15 8 ACS M/L in Sec 38 7 15 20 Acs M/L in Sec 38 7 15 S .50 of Stephen Applewhite claim lots 1 2 3 and N part of Duncan McCall claim known as parts C and D in 37 38 15 cont 656 Acs CB 864 304 inst no 883820.

This lease is an exclusive hunting and fishing lease and grants only the right to hunt and fish such wild game and fish as may be legally hunted or fished by duly licensed hunters or fishermen. The term of the lease is for five (5) consecutive one (1) year terms, commencing on February 1, 2013 and terminating at midnight on January 31, 2018. After the expiration of the principal lease term, the lease may be renewed for an additional five (5) consecutive one (1) year terms only. Prior to the filing of this bankruptcy proceeding, Bigfoot Hunting Club, L.L.C. paid the debtor the sum of Fifty Thousand ($50,000.00), pre-paying the entire amount of rent due under the first five (5) consecutive one (1) year terms. Thus, the debtor is not entitled to receive any further lease payments from Bigfoot Hunting Club, L.L.C. until February 1, 2018, provided that the renewal option is renewed by Bigfoot Hunting Club, L.L.C.

(iii) Formation of Unsecured Creditor Committee

The Office of the United States Trustee appointed an Unsecured Creditors Committee ("UCC") on November 7, 2013 [P-20]. The members of the UCC are Standard Gravel Company, Ezkovich & Co., LLC, and Rickert and Company, LLC, CPA's.

iv) Rejection of the Executory Contract with CMC, Inc.

The Debtor, on December 20, 2013, filed its motion to reject its executory contract with CMC, Inc. [p-29]. After a hearing in the Bankruptcy Court, on January 15, 2014, the Court granted the Motion of the Debtor to Reject the Contract with CMC, Inc. and the Bankruptcy Court entered and Order on February 14, 2014 [P-63]. Pre-petition, CMC, Inc. had performed services as the Debtor's mining agent. These services included review of "load tickets" and review of royalty payments. Post-petition the Debtor has been performing these services "in house" by the utilization of the talents and skills of Michael Furr, one of the Debtor's owners.

(v) Motion to Dismiss by United States Trustee

On April 7, 2014 [P-71], the United States Trustee's Office filed a Motion to Dismiss the Case or in the Alternative to Convert the Case to a Chapter 7, which motion was scheduled to come on for hearing on May 14, 2014. [P. 162]. The Debtor objected to the Motion to Convert Case from Chapter 11 to Chapter 7 on May 7, 2014 [P-83]. The U.S. Trustee filed a Reply to the Debtor's Opposition on May 7, 2014 [P-84]. Creditor Ezkovich & Co., LLC filed an Opposition to the United States Trustee's Motion to Convert to a Chapter 7 on May 7, 2014 [P-86]. On June 18, 2014, a Motion to Continue the Hearing on the Motion to Convert as well as the Debtor's Disclosure Statement [P-120]. Thereafter, the Debtor sought to continue the Disclosure Statement and the United States Trustee's Motion to Dismiss with consent by the parties on July 3, 2014 [P-133]. By Order of the Court the matters to Convert and the hearing on the Disclosure Statement were continued to a hearing on July 30, 2014 by the Bankruptcy Court [P-135]. On September 5, 2014, the Bankruptcy Court approved the Debtor's Disclosure Statement [P-90].

IV. DEBTOR'S OPERATIONS

As set forth above, the Debtor owns approximately 871 acres of land in St. Tammany Parish, Louisiana. A portion of the property is leased to Standard Gravel Company, Inc. as a sand and gravel pit. Approximately, 100 forested acres are leased to Bigfoot Hunting Club, Inc. as a private members hunting club. Pre-petition the hunting lease payments were pre-paid for 10 years. The Debtor's lease with Standard Gravel Company, Inc. has been assumed and the remaining lease term is approximately 27 years. The Debtor receives from Standard Gravel Company, Inc. a $14,000.00 minimum monthly royalty payment of $14,000.00. Production in excess of the minimum production amount will generate additional monthly royalties. Additional production in the short term is not anticipated on account of national economic conditions.

V. OWNERSHIP

The Debtor is a Limited Liability Company owned in equal shares of 33 1/3% by Steven Furr, Michael Furr, and Brian H. Furr. It is not contemplated that the ownership of the Debtor will be changed post-confirmation. Current management will remain in place post-confirmation.

A schedule of Partner Royalties, Draws & Insurance during the period September 1, 2012 through August 30, 2013 is attached as Exhibit "D".

VI. OFFICERS AND COMPENSATION

Starting prior to the filing of this case on January 30, 2013, no compensation has been paid to any of the owners of the Debtor with the exception of $1,300.00 per month paid to Michael Furr pursuant to a Court Order entered on January 3, 2014 [P-36]. While the Debtor contemplates the reimbursement of reasonable out of pocket expenses to the owners post-confirmation, no salary, wages or bonus payments will be paid to them until after a Final Decree has been entered, except as noted above.

Creditor, Reginald J. Laurent, requests the insertion of the following language into the Disclosure Statement:

The Debtor-in-Possession made transfers to Steven Furr, Michael Furr, and Brian Furr, through bank accounts of Construction Material Consultants (CMC), during the three years preceding the filing of the Petition on **October 8, 2013**. Also, transfers of funds were made to Patricia Furr, President of the Debtor-in-Possession.

The Debtor-in-Possession continues to transfer funds as payment on account of Brian Furr's personal insurance and travel. These post-petition transfers of funds of the Debtor-in-Possession are reflected in the Monthly Operating Reports and were made without prior Court approval post-Petition.

The Debtor includes the requested language, but the inclusion of it shouldn't be construed as a concurrence in it by the Debtor.

VII. ASSETS, LIABILITES, AND LIQUIDATION ANALYSIS

The Debtor, by its income stream based solely on the Standard Gravel and Bigfoot leases assumed by the Debtor and ordered by the Court, has sufficient monthly income to pay its creditors. Attached as Exhibits A and B are liquidation analysis under the proposed Chapter 11 liquidation and a hypothetical Chapter 7. As seen in the exhibits, the Unsecured Creditors can receive a 100% distribution under a Chapter 11 liquidation.

(i) **Liquidation analysis.** If converted to a Chapter 7 proceeding, the first lienholder, First National Bank of Picayune ("FNBP"), which has an approximate balance of $304,716.78, would be paid first, and would seek to lift the stay, leaving the estate with greater claims against it, including the rejection claims of both Standard Gravel and Bigfoot Hunting Club, as well as another layer of administrative claims, to the detriment of the creditors.

(ii) In a Chapter 7 proceeding it is anticipated that First National Bank of Picayune, which holds a mortgage over all of Debtor's real estate with an approximate balance of $304,716.78. In the event of a conversion to Chapter 7, First National Bank of Picayune would likely have its mortgage recognized, and seek to foreclose on its collateral. The Debtor's income stream from its sand and gravel lease(s) over the next 27 years is in excess of $4,300,000.00, gross. In the event of a conversion to Chapter 7 a trustee would likely motion to sell the debtor's real estate and there is no assurance that the value of the debtor's acreage would be maximized. In a Chapter 7 bankruptcy, the Debtor's value as a going concern would be proscribed.

The value of any liquidation of the assets of the estate would also require the reduction to realizable value based on the following facts: (1) Standard Gravel would file a substantial claim, based on the $1,000,000 or more invested by Standard for permits, mitigation costs, site development costs, mobilization and equipment cost; (2) the estate would not be able to sell any right to go forward in mining or receive any of the current cash flow as the Conditional Use Permit ("CUP") is owned by

Standard Gravel and not the Debtor; (3) the CUP issued to Standard Gravel for the Debtor site and operations is NOT transferrable; any re-permitting process would require a prohibitively large cash investment and the permitting process took Standard 2.5 years.

As such there is no reason to expect that any new entity, including a Chapter 7 trustee, if appointed, in liquidation would have the required cash to front the permitting process costs, the time to spend to obtain new permitting, to pay the creditors plus all the legal and accounting costs associated with the new permitting, thus reducing the realizable value if converted to a speculative sum, at best.

The Debtor holds a judgment in its favor against Phoenix Associates Land Syndicate, Inc.[1] in the principal amount of $3,563,585.--, subject to a credit of $350,000.00, plus all costs, and legal interest from date of judicial demand and attorney's fees. Both Phoenix Associates Land Syndicate, Inc.[2] and its principals, Mr. and Mrs. Charles Paul Alonzo[3], filed for relief under Chapter 11 of the Bankruptcy Code. Both cases were later converted to Chapter 7 liquidations. The Debtor has filed its proof of claim in each case. While the Debtor is the largest unsecured creditor in each case, neither is anticipated to generate a meaningful distribution to the Debtor on account of (1) paucity of assets (Phoenix) and (2) Internal Revenue Service priority tax claims (Alonzo).

Both the judgment(s) and proofs of claim are of dubious value to the Debtor, as neither is likely to generate any substantial funds to pay creditors, absent a material change.

Due to the heavy damage sustained by Debtor's timber during Hurricane Katrina, the Debtor, in the utilization of its best business judgment, does not intend to sell any of its timber in the immediate future due to the currently low stumpage prices. The Debtor avers, believes and therefore alleges that its current sand and gravel income in the monthly minimum amount of $14,000.00 should generate sufficient cash flow to fund its Plan without the necessity of felling any trees.

VIII. SUMMARY OF THE PLAN

The entire text of the Plan has been provided with this Disclosure Statement to all Creditors and Interests Holders known to the Company as Exhibit C to this Disclosure Statement. The following is a brief summary of the Plan and should not be relied upon for voting purposes. The Plan should be read carefully and independently of this Disclosure Statement. Creditors are further urged to confer with counsel, or with each other in order to fully resolve any questions concerning the Plan. Acceptances of the Debtor's plan have not yet been procured; nor will acceptances be sought until after the Disclosure Statement has been approved by the Bankruptcy Court.

IX. *CLASSIFICATION OF CLAIMS AND INTERESTS*

For the purposes of payment of the Debtor's liabilities under the Plan, the Claims and interests, to the extent allowed, of the creditors and shareholders of the Debtor are divided into the following classes:

Class 1 -- Secured Claim of First Nation Bank of Picayune.

Class 2 -- Undisputed Unsecured Claims of Alan Ezkovich, Kathy Rickert, & CMC, Inc.

Class 3 -- Unsecured Claim of Standard Gravel Co., Inc.

[1] 22nd Judicial District Court No. 2003-12894 c/w No. 2003-15963.
[2] United States Bankruptcy Court, Eastern District of Louisiana No. 09-11743.
[3] United States Bankruptcy Court, Eastern District of Louisiana No. 10-10176.

Class 4 -- Disputed and Unliquidated Secured Claim of Reginald J. Laurent

Class 5 -- Disputed Secured Claim of Insider Steven Furr

Class 6 -- Unsecured Insider Claims

Class 7 -- Interests in the Debtor.

X. TREATMENT OF ADMINISTRATIVE CLAIMS

Administrative Claims. On or as soon as practicable after the later of (i) the Effective Date or (ii) the date that an Administrative Claim becomes an Allowed Administrative Claim, each Administrative Claim that is an allowed claim shall be paid in full, in Cash; provided, however, that Administrative Claims, the payment of which are not expressly provided for elsewhere in this Plan and that represent indebtedness incurred in the ordinary course of business by the Debtors, shall be paid by the Debtors either (i) in the ordinary course of business in accordance with the terms and conditions of any agreements related thereto or (ii) as otherwise agreed among the Debtors and the holder of such Administrative Claim. Additionally, any fees due to U.S. Trustee& Office pursuant to 28 U.S.C. § 1930 will be paid as they become due by the Reorganized Debtor.

Professional Compensation and Reimbursement Claims. All Professionals seeking payment of an Administrative Claim pursuant to an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 503(b)(2), 503(b)(3) or 503(b)(4) of the Bankruptcy Code (a) shall file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date no later than ninety (90) days after the Confirmation Date or such other date as may be fixed by the Bankruptcy Court and, (b) if granted, such an award by the Bankruptcy Court shall be paid in full in such amounts as are Allowed by the Bankruptcy Court (i) on the date such Administrative Claim becomes an Allowed Administrative Claim, or (ii) upon such other terms as may be mutually agreed upon between the holder of an Administrative Claim and the Reorganized Debtor. It is estimated that professional fees will easily approximate $100,000.00 depending upon plan litigation, claims objections and the number and nature of appeals presently pending or subsequently filed.

XI. SPECIFIC TREATMENT OF CLAIMS

Class 1 - Secured Claim of First National Bank of Picayune

Class 1 -- The Secured Claim of First National Bank of Picayune in whatever balance on the Date of Confirmation of the Debtor's plan of reorganization (current approximate amount of $314,000.00) will be ammortized over fifteen (15) years at eight and one-half (8½%) interest with monthly payments of approximately $3,070.33. Until paid in full, First National Bank of Picayune will retain and/or continue to hold any pre-petition mortgage, lien or other encumbrance held on the day preceding this bankruptcy filing. Debtor retains the right to pre-pay, without penalty, all or a portion of this Class' claim.

This class is impaired because its legal rights are being altered by the plan, the plan providing changes in the payment terms which existed prior to the bankruptcy filing.

Class 2 - Undisputed Unsecured Claims of Ezkovich & Co., LLC, Rickert and Company, LLC,

Certified Public Accountants, & CMC, Inc.

Class 2 - These creditors will share pro rata the sum of $17,000.00 per quarter with the first payment being made on the 91st day after the order confirming the Debtor's Plan of Reorganization becomes final and non-appealable. Debtor retains the right to pre-pay all or some of the claims falling into this Class without penalty. The Effective Date of the Debtor's Plan of Reorganization is the 91st day after the Order confirming the Debtor's Plan of Reorganization becomes final and non-appealable.

Class 2 - Unsecured Claims. Holders of Allowed Unsecured Claims against Debtor shall receive from the reorganized debtor their Pro Rata Share of payments made by the reorganized debtor on any Allowed Claim 100% of the Allowed Claim paid quarterly based on the amount of available cash flow from the prior quarter but not less than $17,000 per quarter. The first payment will be the second quarter after the effective date. However, no payment shall be made in an amount which would reduce the reorganized debtor's available cash on hand to less than $10,000. "Net Cash Flow," as used herein, shall mean the total of all cash collected less all cash disbursements (which disbursements include payment of operating expenses, payment of income taxes and payment of past debts under the plan) the reorganized debtor shall distribute, under the terms of this plan, to the holders of Allowed Unsecured Claims their Pro Rata Share of each such Net Cash Flow payment based on greater of cash flow or the minimum of $17,000 per quarter .

The members of this class are impaired because the plan does not leave unaltered their legal, equitable and/or contractual rights, *In re: L & J Anaheim Assocs., 995 F.2d 940 (9th Cir. 1993).*

Class 3 - Unsecured Claim of Standard Gravel Co., Inc.

Class 3 is unimpaired under the Plan and shall be treated as follows: Pursuant to previous orders entered by the Court which continue in full force and effect pre-petition covenants permitting this Class to offset payment from monthly rentals due to the Reorganized Debtor sufficient to pay this Class monthly obligation over the life of the extant mineral leases between the Debtor and Standard Gravel Co., Inc. The offset is limited to the monthly amount due Standard Gravel under the Plan.

Class 4: Disputed and Unliquidated Secured Claim of Reginald J. Laurent

If or when a court of competent jurisdiction issues a judgment, which is no longer subject to appeal or writ determining the allowed claim of Reginald J. Laurent, then after the completion of the payments required to be made to Class 2, this Class will be entitled to be paid its pro-rata share of $17,000 per quarter, commencing on the 91st day after full payment to Classes 2 and 3. Commencement of the payment to Class 4 shall not begin until the claim is finally determined as a finally allowed claim and the Judgment becomes a final non-appealable order. At such time as Laurent holds a final, allowable and non-appealable unsecured claim, his claim and his purported security interest cancelled, shall be transferred to Class 2 and thereafter treated as a Class 2 claim. Any secured lien, if determined to be secured, held by Laurent, after recognition by a federal district or bankruptcy court, will remain extant and Laurent's claim will be deemed secured to the extent

adjudicated by a federal district or bankruptcy court. If Laurent's claim is determined to be an allowed secured claim, said claim shall be treated as specified within the body of this paragraph. Should Laurent's claim be determined to be unsecured, his claim will be transferred to Class 2 and paid accordingly.

Creditor, Reginald J. Laurent, claims to hold a security interest in Debtor's real estate pursuant to La. R.S. 9:5001 and R. S. 32:217, assertions with which the Debtor disagrees and contests.

Class 5 - Disputed Secured Claim of Insider Steven Furr

The security interest claimed to be held by the Class 5 creditor remains in full force and effect, unless and until an order of a court of record orders its cancellation. Any amount deemed to be due and owed to this Class by a court of record by means of a non-appealable order or judgment will be satisfied only after Classes 2, 3, and 4 have been fully satisfied. Class 5 will be satisfied by the payment of $17,000.00, with the first payment due on the 91st day after Classes 2, 3 and 4 have been fully satisfied or the date any such order or judgment becomes final and non-appealable, whichever is later.

The interests of this class is subordinated to all preceding classes on account of its insider status.

Class 6 - *Unsecured Insider Claims*

Class 6 will be satisfied by the payment of $17,000.00, with the first payment due on the 91st day after Class 5 has been fully satisfied. The interests of this class are also subordinated to all preceding classes on account of insider status.

Class 7: Interests in the Debtor

Interests in the Debtor will not receive any distribution on account of their interests, but will be permitted to retain ownership of their interests.

Payment of this class of claim shall not commence until after all finally allowed claims are paid in full.

XII. EXECUTORY CONTRACTS

Section 365 of the Bankruptcy Code generally gives the debtor the ability, subject to approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases before the confirmation of a plan of reorganization. An executory contract or unexpired lease may be assumed or rejected either through a plan of reorganization or by order of the Bankruptcy Court on motion, after notice and hearing. Following a debtor's rejection of an executory contract or unexpired lease, the Bankruptcy Court grants the other party to the contract or lease a limited period in which to file a proof of claim for any damages incurred because of its rejection. To assume an executory contract or unexpired lease, the Bankruptcy Code requires a Debtor promptly to cure existing defaults, with certain limitations, and provide adequate assurance of future performance of its obligations under the executory contract or lease.

Under the Plan, the Debtor will reject any unexpired lease of executory contracts not previously assumed prior to the Effective Date. The Debtor is not aware of any significant unexpired leases or executory contracts. The Debtor does not expect any significant rejection claims.

XIII. MEANS FOR IMPLEMENTATION OF THE PLAN

The Debtor will fund the plan obligations from business income and the sale of some or all of its immoveable properties. Payments will be made to Unsecured Creditors periodically until paid in full or paid in advance based on unanticipated excess revenues or the sale of properties.

XIV. RESERVED CAUSES OF ACTION

Except as otherwise provided in the Plan or other orders of the Court, the Debtors hereby preserve any and all Causes of Action they may have including, but not limited to, Avoidance Claims. Upon the Effective Date, all Causes of Action and Avoidance Claims shall, pursuant to (i) Bankruptcy Code section 1123(b)(3)(B), (ii) this Plan, and (iii) the Confirmation Order, be retained by the Reorganized Debtors as the duly appointed representative of the Estates. Subject to the provisions of this Plan or other orders of the Court, the Reorganized Debtors may prosecute, settle, or dismiss any and all Causes of Action or Avoidance Claims as the Reorganized Debtors see fit without Bankruptcy Court approval. Notwithstanding the foregoing, the Reorganized Debtor shall have no affirmative duty to prosecute any Causes of Action and may, in its sole discretion, dispose of any such Causes of Action by abandonment, or otherwise.

The Debtor has not yet specifically identified any fraudulent conveyance claims which could be brought against any non-insiders, but intends to reserve any such causes of action and will pursue them, if in the best business judgment of Debtor's management, pursuing any such claims is economically reasonable. Entry of the Confirmation Order shall not constitute a waiver of any such claim.

The Debtor reserves the following causes of action:

1. Actions against Reginald J. Laurent for lien ranking, recoupment of overpaid legal fees, costs and legal malpractice arising out of his prior representation of the Debtor in matters involving Charles Paul Alonzo & spouse, Phoenix Associates Land Syndicate, Inc. and other associated with them. These actions include direct judgment, offset as may be appropriate, under law; reduction in fees based upon Louisiana Rules of Professional Conduct Rule 1.5 Fees, and any other actions available to the Debtor against Mr. Laurent, including an accounting. Laurent, being the Debtor's former attorney, has now adopted a position as advocate and counsel for himself and against his former client, the Debtor. To date, information that may be detrimental to Laurent has never been stated by Laurent or provided by Laurent to the Debtor. The Debtor has subpoenaed Laurent for a date certain, then advised by Laurent he was unavailable for that date, then advised by Laurent that his assertion of a conflict was incorrect. The date originally chosen had then become unavailable to counsel for the Debtor, and at the time of this Disclosure Statement the Debtor is in the process of requesting Laurent to provide dates. If Laurent fails, the Debtor will seek Court intervention to set a date.

2. Action against Steven Furr for filing a lien against Debtor's properties for allegedly unpaid wages, salary or commissions, breach of fiduciary duty, and corporate mismanagement.

3. Action against the bankruptcy estate of Phoenix Associates Land Syndicate, Inc. for actions emanating from the administration of estate property.

4. Action against the bankruptcy estate of Charles and Carolyn Alonzo for actions emanating from the administration of estate property.

5. BP litigation. In an abundance of caution, the Debtor may pursue actions against BP as a result of the Deepwater Horizon Oil Spill. The Debtor does not know of any cause of action that exists, but reserves this cause of action should any information become available.

6. Action(s) against insiders, Brian Furr, Michael Furr and Steven Furr for unauthorized post-petition transfers, if any, excessive expense reimbursements, if any, and/or for pre-petition excessive draws, unfair partner distributions and/or alleged breaches of fiduciary duties.

The above actions are listed to, inter alia, preserve the right of the Debtor and reorganized Debtor to assert the claims. The characterization of the claims is not meant to limit the potential cause of action. Each person or entity (except BP) listed above will receive a special Notice including this pleading which Notice will identify the assertions of the Debtor. The Debtor may conduct more investigation in advance of any filing.

XV. POSSIBLE TAX CONSEQUENCES

As far as the bankruptcy estate is concerned, the Debtor does not envision any tax consequences to itself resulting from the terms and specifications of the Plan. However, Debtor and counsel for the Debtor assume no responsibility and offer no opinion in connection with tax liabilities that may be imposed upon recipients herein in connection with any transfer or distribution made under the Plan as proposed. Recipients are urged to obtain advice from their own tax counsel regarding applicability of state and federal tax laws and the tax impact of a Plan.

XVI. CONFIRMATION PROCEDURE

In order to confirm the Plan, the Code requires that the Bankruptcy Court make a series of determinations concerning the Plan including that (a) the Plan has classified claims and interests in a permissible manner; (b) the Plan complies with the technical requirements of Chapter 11 of the Code; (c) the Debtor has proposed the Plan in good faith; and (d) the Debtor’s disclosures, as required by Chapter 11 of the Code, have been adequate and have included information concerning all payments made or promised by the Debtor in connection with the Plan. The Debtor believes that all of these conditions will have been met by the date set for the hearing on confirmation and will seek a ruling of the Bankruptcy Court to this effect at that hearing.

The Code also requires that the Plan be accepted by the requisite votes of creditors and members (except to the extent that "cram-down" is available under Section 1129(b) of the Code, "Confirmation Without Acceptance by All Impaired Classes"); that the Plan be feasible (that is, there is a reasonable prospect that the Debtor will be able to perform its obligations under the Plan and continue to operate its business to complete its reorganization; and that the Plan is in the "best interests" of all creditors and equity security holders (that is, that creditors and equity security holders will receive at least as much pursuant to the Plan as they would receive in a chapter 7 liquidation). To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met (unless the applicable provisions of Section 1129(b) of the Code are employed in which event the Plan could be confirmed even though a class does not accept the Plan). Thus, even if the creditors and members of the Debtor accept the Plan by the requisite votes, the Bankruptcy Court must make an independent finding with respect to the Plan's feasibility and whether it is in the best interests of the Debtor's creditors and equity security holders before it may confirm the Plan. These statutory conditions to confirmation are discussed below.

This Plan proposes 100% payment to all Creditors.

A. Classification of Claims and Interests: The Code requires that a Plan of Reorganization place each creditor's claim and equity security holder's interest in a class with other claims and interest which are "substantially similar." The Debtor believes that the Plan meets the classification requirements of the Code.

B. Voting: As a condition to confirmation, the Code requires that each impaired class of claims or interest accept the Plan. The Code defines acceptance of a Plan by a class of claims as acceptance by holders of two-thirds (2/3) in dollar amount and a majority in number of claims of that class, but for that purpose counts only those who actually vote to accept or to reject the plan. The Code defines acceptance of a plan by a class of interests (equity securities) as acceptance by holders of two-thirds (2/3) of the number of shares, but for this purpose counts only shares actually voted. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting the plan.

Classes of claims that are not "impaired" under the Plan are deemed to have accepted the Plan. Acceptances of the Plan are being solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual right attaching to the claims or interest of that class are modified, other than by curing defaults and reinstating maturity or by payment in full in cash.

C. Financial Analysis:

The Debtor believes through its efforts and the efforts of its equity owners, all Creditors will be paid 100%. Chapter 7 liquidation would result in no guaranteed distribution to the creditors and leave many Administrative Claimants unpaid. *See* Liquidation Analysis Under Chapter 11 attached.

D. Best Interests of Creditors: In order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interests of all classes of creditors and equity security holders impaired by the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of each impaired class of claims and interests a recovery which has a value at least equal to the value of the distribution which each such person would receive if the Debtor was liquidated under Chapter 7 of the Code.

To calculate what members of each impaired class of unsecured creditors and equity security holders would receive if the Debtor was liquidated, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtor's assets if the Chapter 11 case was converted to a Chapter 7 under the Code and the assets were liquidated by a trustee in bankruptcy (the "Liquidated Value"). The Liquidated Value would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by the cash held by the Debtor and recoveries on actions against third parties.

The Liquidated Value available to general creditors would be reduced by (a) the claims of secured creditors to the extent of the value of their collateral, and (b) by the costs and expenses of the liquidation, as well as other administrative expenses of the Debtor's estate. The Debtor's costs of liquidation under Chapter 7 would include the compensation of a trustee, as well as of counsel and of other professionals retained by the trustee; disposition expenses; all unpaid expenses incurred by the Debtor during their Chapter 11 reorganization proceedings (such as compensation for attorneys, financial advisors and accountants) which are allowed in the Chapter 7 proceeding; litigation costs; and claims arising from the operation of the Debtor during the pendency of the Chapter 11 Reorganization and Chapter 7 liquidation proceedings. The liquidation itself would trigger certain priority administrative claims and would accelerate other priority administrative payments which would otherwise be payable in the ordinary course. These priority administrative claims would be paid in full out of the liquidation proceeds before the balance would be made available to pay general claims or to make any distribution in respect of equity interests.

Most importantly, a Chapter 7 would likely exclude the income stream from the Debtor's mineral lease(s), should Debtor's immoveable property be sold.

Thus, close attention should be paid to the evaluation of assets and liabilities, remembering an additional layer of administrative expenses automatically attach to a Chapter 7 liquidation. Besides a possible three (3%) percent commission to the elected and/or appointed trustee, other costs, such as professional fees (lawyers, certified public accountants, appraisers), taxes, notice fees, and expenses incurred during the liquidating process, all diminish any dividend to the expectant claimant. Secondly, order of payment, administrative fees and expenses of the Chapter 7 are paid first; then the administrative expenses of the failed Chapter 11 are paid; third in line would be the priority unsecured claims (wages, employee benefits, and governmental taxes); lastly, to the general unsecured creditors, whether they be lessor rejected damage claims; unpaid subcontractor, supplier, or materialmen claims; trade creditors' or ordinary debt, to be shared pro-rata. Unfortunately, no dividends are awarded until all assets are liquidated, including causes of action, precipitated or continued by the trustee. One year to eighteen months is not an unreasonable period for a trustee to hold a proceeding open from his or her appointment before filing a final account.

Notwithstanding, Debtor asserts its continued operation of the business plus the sale of some or all of its immoveable property offers not only the probability of payment, but the reality of a 100% dividend to all of its creditors. During the administration of these bankruptcy proceedings, the Debtor has continued to evaluate its operations; reduced its expenses and changed the process to operate in a fiscally solvent manner.

Without a doubt, the creditors of this estate have greater opportunity of recovery through a confirmed Chapter 11 plan of liquidation rather than liquidation through a Chapter 7 conversion.

XVII. ALTERNATIVES

If the Plan, as originally filed and/or modified, is not confirmed and no other plan is feasible, the Proponent/Debtor's alternatives include (i) a dismissal of the bankruptcy case or (ii) a conversion to Chapter 7.

i.) *DISMISSAL:* If no plan is feasible, Proponent/Debtor believes and asserts that dismissal of the bankruptcy proceeding is the best alternative and the most beneficial to the creditor base of this bankruptcy estate. Dismissal, with the Bankruptcy Court retaining ancillary jurisdiction of the pending or anticipated adversary proceedings (which are expected to be filed before the Confirmation) will allow Debtor to continue to operate; will permit Debtor to receive this Court's judgments on the major issues without the fear of waste of judicial efficiency, time, and effort, as well as the monies expended to reach this juncture.

Accordingly, Proponent/Debtor chooses dismissal over conversion to Chapter 7 liquidation.

ii.) *LIQUIDATION UNDER CHAPTER 7:* Under Chapter 7 of the Bankruptcy Code, a panel trustee would initially be appointed as interim and ultimately, at the §341 first meeting of creditors, appointed to administer the assets of the Debtor. A discussion of the effect of a Chapter 7 liquidation on the recovery to holders of Allowed Claims and equity interests has been previously articulated in what is known as the Best Interests Test. Debtor asserts that liquidation under Chapter 7 would have the immediate impact of closing of the business, thereby foreclosing any further revenue, other than present at the time of "shutdown." A Chapter 7 Trustee, after shut down, would be confronted with the inability to operate the business as the permits are not owned by the Debtor/Reorganized Debtor. Any legal actions pending or contemplated would come to a screeching halt because of insufficient funds to maintain the services of special counsel. It is unlikely that the Trustee will be able to procure counsel on a contingency basis and the business operations would require a permit which is anticipated to take two and a half years.

iii.) All considered, Chapter 7 liquidation would be the worst possible scenario for the creditors of this estate.

As suggested to you earlier in the explanation of the Best Interests Test, as well as Financial Analysis, it is the view of Debtor that liquidation under Chapter 7 will result in unsecured creditors receiving nothing towards its debt. Therefore, in retrospect, Debtor's Plan of Reorganization, as proposed pays a 100% distribution to all creditors of this bankruptcy estate by allowing it to continue to operate as a going concern to continue its operation and pay all debt by royalties or the liquidation of immoveable properties. CATEGORICALLY, CHAPTER 11 REORGANIZATION FAR OUTWEIGHS ANY PERCEIVED BENEFITS WHICH COULD BE DERIVED FROM A CHAPTER 7 CONVERSION.

XVIII. MISCELLANEOUS PROVISIONS

A. RETENTION OF JURISDICTION: Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as is legally permissible, including jurisdiction to:

1.) allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any

Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims;

2.) grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Confirmation Date;

3.) resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom;

4.) ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and resolving any disputes concerning any distributions contemplated in or relating to the Plan;

5.) decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtor that may be pending on the Effective Date;

6.) enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

7.) resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or an Person's or Entity's obligations incurred in connection with the Plan;

8.) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with Consummation or enforcement of the Plan, except as otherwise provided herein;

9.) resolve any cases, controversies, suits, or disputes with respect to the releases, injunction, and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunction, and other provisions;

10.) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

11.) determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, as amended, restated, and/or modified, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

12.) enter an order and/or final decree concluding the Chapter 11 Case;

13.) rule on any adversary matter;

14.) enter sale orders of property of the estate, the Condos, the Additional Collateral, and the Other Collateral.

B. EXEMPTION FROM TRANSFER TAXES: Pursuant to §1146(c) of the Bankruptcy Code, the issuances, transfer, exchange of notes, or equities or securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making or assignment of any lease or sub-lease or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidations, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan will not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

C. PAYMENT OF FEES AND EXPENSES OF PROFESSIONAL PERSONS: After the Confirmation Date, Debtor will, in the ordinary course of business and without the necessity of approval by the Bankruptcy Court, pay the post-Confirmation Date fees and expenses of the professional persons employed by Debtor related to the implementation and confirmation of the Plan or other scope of services engaged by the Reorganized Debtor.

Any professional appointed by the Bankruptcy Court, who performed services on behalf of the estate, whose fees and costs may be charged against the estate, must file an application for approval of same not later than thirty (30) days subsequent to the confirmation order becoming final. Failure to file within the time permitted herein shall automatically and without further notice bar the professional person from bringing a claim against the bankruptcy estate and/or the confirmed Debtor.

D. DISPUTED CLAIMS: As soon as practicable, but in no event later than one hundred eighty (180) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, objections to Claims will be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made.

On and after the Effective Date, the objecting to, disputing, defending against, and otherwise opposing, and the making, asserting, filing, litigation, settlement or withdrawal of all objections to Claims will be the exclusive responsibility of the Reorganized Debtor.

Notwithstanding any other provision in the Plan, no payment or distribution will be made with respect to any Claim to the extent it is a Disputed Claim unless and until such Claim becomes an Allowed Claim.

The amount of any Disputed Claim, and the rights of the holder of such Claim, if any, to payment in respect thereof will be determined by the Bankruptcy Court, unless it shall have sooner become an Allowed Claim.
Pursuant to a non-appealable final Order, distribution will be made in accordance with the Plan to the holder of such Claim based upon the amount of the Allowed Claim.

E. DISTRIBUTIONS, DELIVERY, UNCLAIMED: Method of Distributions Under this Plan: All distributions of Cash shall be made by the Debtor on the Effective Date or as set forth in the Plan at the (a) addresses listed in the proofs of claim filed by such holders; (b) at the addresses set forth in any written notices of address change delivered to the Debtor; or (c) the address set forth in the Schedules if no proof of claim has been filed or address change received.

F. TIMING AND CALCULATION OF AMOUNTS TO BE DISTRIBUTED: Beginning on the Effective Date, the Reorganized Debtor, in its sole discretion and as frequently, soon, reasonably practicable, and efficient under the circumstances, shall make the distributions to Holders of Allowed

Claims in accordance with the Plan with the ability to pay in advance.

G. SETOFFS: Except as otherwise provided in the Plan, the Reorganized Debtor may, pursuant to Sections 502(d) or 553 of the Bankruptcy Code or applicable non-bankruptcy law, offset against any Allowed Claim, and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim), the Claims, rights, and Causes of Action of any nature that the Debtor or Reorganized Debtor may hold against the Holder of such Allowed Claim.

H. PAYMENT OF STATUTORY FEES: All fees due and payable to the United States Trustee shall be paid in accordance with 28 U.S.C. § 1930 (a)(6) including post petition payments until the appropriate order is entered by the Court.

I. NO INTEREST. Except as expressly stated in this Plan, or allowed by the Court, no interest, penalty or late charge is to be allowed on any Claim subsequent to the Petition Date.

J. NO ATTORNEYS' FEES. No attorneys' fees will be paid with respect to any Claim except as specified herein or as allowed by an order of the Court.

K. CONFIRMATION OVER OBJECTION. In the event any impaired Class of Claimants shall fail to accept the Plan, Debtor reserves the right to request that the Court confirm the Plan in accordance with the applicable provisions of § 1129(b) of the Code.

L. RIGHT TO PREPAY. Debtor shall have the right to prepay any Allowed Claim, pursuant to Court Order or at any time after the Effective Date, without penalty or premium by full payment of all outstanding principal.

M. DISCHARGE OF DEBTOR: Except as otherwise provided in the Plan, on the Effective Date: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests therein, shall be in exchange for and in complete satisfaction, discharge, and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor and the Debtor in Possession, or any of its assets, property, or Estate; (2) the Plan shall bind all Holders of Claims and Equity Interests, and all Claims against, and Equity Interests in, the Debtor and Debtor in Possession shall be satisfied, discharged, and released in full, and the Debtor's liability with respect thereto shall be extinguished completely, including, without limitation, any liability of the kind specified under Section 502(g) of the Bankruptcy Code; and (3) all Persons and Entities shall be precluded from asserting against the Debtor, the Debtor in Possession, the Estate, and the Reorganized Debtor, their successors and assigns, their assets and properties, any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

N. EXCULPATION: On the Effective Date of the Plan, neither the Debtor, the Reorganized Debtor nor any of their respective employees, advisors, attorneys, or agents (the Exculpated Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan except for willful misconduct, ultra vires actions, or gross negligence.

O. INJUNCTIONS: As of the Effective Date, except as otherwise provided in the Plan, all Persons are hereby permanently enjoined from commencing or continuing, in any manner or in any place, any

action or other proceedings, or pursuing any cause of action or Claim, or effectuating any set-off, whether directly, derivatively or otherwise against any or all of the Exculpated Parties, on account of or respecting any Claims, debts, causes of action, rights, Causes of Action (included Released Claims) or liabilities released or discharged pursuant to the Plan.

P. REVOCATION OF PLAN: The Debtor reserves the right, at any time prior to the entry of the Confirmation Order, to revoke and withdraw the Plan.

Q. SUCCESSORS AND ASSIGNS: The rights, benefits, and obligations of any Person or Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign of such Person or Entity.

R. RESERVATION OF RIGHTS: Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. The filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtor or Debtor in Possession with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or Debtor in Possession with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

S. IMPLEMENTATION: The Debtor, the Reorganized Debtor, all Holders of Claims receiving distributions under the Plan, and all other parties in interest may, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

T. AMENDMENTS OR MODIFICATION OF THE PLAN; SEVERABILITY: Proponent/Debtor may alter, amend, or modify the treatment of Claims provided for under the Plan; provided however that the holders of such Claims agree or consent to any such alteration, amendment or modification. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in the Plan is invalid, void, or unenforceable, such provision will be invalid, void, or unenforceable with respect to the holder or holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void, or enforceable. The invalidity or unenforceability of any such provision will in no way limit or affect the enforceability and operative effect of any other provisions of the Plan.

U. BINDING EFFECT: The Plan, as amended or modified, upon becoming final and non-appealable, will be binding upon and inure to the benefit of the Debtor, the holders of Claims and Equity Interest, and their respective successors and assigns.

V. SERVICE OF DOCUMENTS: Any pleading, notice, or other document required by the Plan to be served on or delivered to the Reorganized Debtor shall be sent by first class U. S. mail, postage prepaid to:

Robert L. Marrero
Robert L. Marrero, LLC
3520 General DeGaulle Drive, Suite 1035
New Orleans, LA 70114

W. ADDITIONAL DOCUMENTS: On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

XIX. DISCHARGE

Unless expressly provided otherwise in the Plan, the rights afforded and the distributions to be made under the Plan will discharge the Debtor from any debt arising before the Effective Date and any debt of a kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (a) proof of claim based on such debt has been filed or is deemed filed under Section 502 of the Bankruptcy Code; or (b) the holder of such Claim has accepted the Plan.

XX. ACTIONS BY REGINALD LAURENT

Motion to Abstain, Remand and Lift the Automatic Stay

Prior to this bankruptcy filing, the Debtor's prior counsel, Mr. Reginald J. Laurent, filed an action in a state court venue (Laurent v. E. H. Mitchell & Company, L. L. C., 22nd Judicial Court No. 2013-13123). The Debtor answered this suit in the state court and after this case was filed motioned this court for leave to amend its previously filed answer and asserted a counterclaim against Laurent to determine the nature, extent and priority of a lien, which counterclaim the Debtor believes to be a "core proceeding." Mr. Laurent filed a Motion to Abstain, Remand and Lift the Automatic Stay, the thrust of which was to have the matter remanded to the state court forum and tried by a state court judge. This motion was denied by the Bankruptcy Court. Mr. Laurent has now filed pleadings seeking withdrawal of the reference requesting that the matters contained in his suit be adjudicated by the United States District Court for the Eastern District of Louisiana rather than the Bankruptcy Court. These issues are currently pending and unresolved, certain of those issues currently on appeal to the USDC for the Eastern District of Louisiana. Also on appeal to the United States District Court for the Eastern District of Louisiana is Laurent's motion seeking to have the debtor designated as a single asset real estate entity Briefly has yet to commence on the issues contained in this appeal..

XXI. CONCLUSION

This Disclosure Statement is intended to assist each creditor in making an informed decision regarding the acceptance of the Debtor's Plan. If the Plan is accepted, all creditors will be bound by its terms. You are, therefore, urged to carefully review this Disclosure Statement and the enclosed copy of the Plan. If questions remain after such review, you are urged to make further inquiries as you may deem appropriate to counsel or other creditors.

Dated: September 5, 2014

Respectfully submitted,

E. H. Mitchell & Company, L. L. C.

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DEBTOR'S THIRD AMENDED DISCLOSURE STATEMENT

EXHIBITS

A. Liquidation Analysis Under the Proposed Chapter 11 Liquidation

B. Liquidation Analysis Under a Hypothetical Chapter 7

C. Debtor's First Plan of Reorganization

D. Schedule of Partner Royalties, Draws & Insurance during the period September 1, 2012 through August 30, 2013