

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF ILLINOIS

IN RE:

Satish & Kamlesh Walia ) Chapter 11  
Debtors (hereafter Debtor) )  
) Case No: 15-40173

**DEBTORS' DISCLOSURE STATEMENT DATED JULY 18, 2016**

Debtors, Satish and Kamlesh Walia, hereinafter referred to as Debtors file this Disclosure Statement pursuant to 11 U.S.C. Section 1125. The purpose of this statement is to provide creditor with adequate information so that they can make an informed judgment about the Debtor's Plan of Reorganization.

NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS BUSINESS OPERATIONS OR THE VALUE OF THE PROPERTY ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE AN ACCEPTANCE OF THE PLAN OF REORGANIZATION WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT RELIED UPON IN ARRIVING AT A DECISION.

**HISTORY**

On February 26, 2015, Debtor filed for Chapter 13 protection in an attempt to confirm a plan of reorganization. That once the claims were filed, the unsecured claims exceeded the maximum amount permitted to qualify for Chapter 13 protection. On October 26, 2015 the Court granted Debtor's motion to convert the Chapter 13 to a Chapter 11 Bankruptcy. That at the time Debtor filed for Chapter 13 protection the Debtor was operating, Lake of Egypt Supermarket, a convenience store and gas station located at 12124 Lake Of Egypt Rd, Marion, IL. That in September, 2015 the Debtor ceased operating the Lake of Egypt Supermarket and closed the store. That at the time of closing the store, Debtor turned over the keys and possession to Banterra Bank. That on January 29, 2016, Debtor began operating and owning a restaurant, India Delight. That since that time, the Debtor has continued operating India Delight. At the time of filing, Debtors were represented by the Law Office of Bradley P. Olson and pursuant to a Court Order, the Law Office of Bradley P. Olson continues to represent the Debtors since the filing. The Chapter 11 first meeting of creditors was held on December 2, 2015 in Benton, Illinois, at which time the Debtor, through their attorney, presented an overview of the reasons for filing Chapter 11 Reorganization and what the Debtor's hoped to accomplish through its Plan.

## **NATURE OF CHAPTER 11 REORGANIZATION PROCEEDINGS**

Chapter 11 of the Bankruptcy Code is a remedial statute designed to effect the rehabilitation and reorganization of financially distressed entities. The statutory aims of a reorganization proceeding includes the following:

- a.) Preservation of the Debtors' business as a going concern:
- b.) Avoidance of a forced and destructive liquidation of the Debtors' assets:
- c.) The protection of the interest of creditors, both secured and unsecured:
- d.) The restructuring of the debts of the Debtors and the finances of the Debtors, such as would enable them to retain those assets necessary to rehabilitate his finances and at the same time produce the greatest recovery for their creditors.

The formulation and confirmation of a Plan of Reorganization is the principal function of a Chapter 11 case. Such a plan normally includes provisions for:

- a.) Altering and modifying the rights of creditors:
- b.) Dealing with the property of the Debtors:
- c.) Paying costs and expenses of administering the Chapter 11 case: and
- d.) Execution of the Plan.

The Plan may affect the interest of all parties and creditors, reject executory contracts and leases and provide for prosecution or settlement of claims belonging to the Debtors. In order to be confirmed by the Court, the Bankruptcy Code requires there to be finding that the Plan receive the votes of certain requisite classes and that the plan be fair, equitable and feasible: as to any dissenting classes of creditors.

## **VOTING AND CONFIRMATION OF THE PLAN**

A Plan of Reorganization is the method by which the claims of secured and unsecured creditors against the Debtors are satisfied. Whether a plan will be implemented depends on creditors' acceptance and court approval by confirmation of the Plan of Reorganization. The Bankruptcy Code provides that creditors whose claims or interests are impaired, as that term is defined by the Bankruptcy Code Section 1124, are entitled to vote on the Plan. Creditors whose claims are not impaired are automatically deemed to have accepted the Plan.

Each creditor will receive a ballot from the Court. The Court will set a bar date for the filing of all ballots. Ballots must be returned to the Debtors' attorney by the bar date. Creditors may vote to accept the Plan or to reject it. After balloting is completed, a tabulation of votes will occur. If the creditors whose claims are impaired vote to accept the Plan and certain requirements set forth in Bankruptcy Code Section 1129(a) are met, the Court will confirm the Plan. An impaired class of creditors will have accepted the plan if two-thirds in dollar amount and more than one-half in number of all allowed claimants in that class have voted to accept the Plan.

If one or more impaired classes do not accept the Plan, the Debtors may ask the Court to confirm the Plan if at least one impaired class has accepted the Plan and the Plan satisfies the requirements of Section 1129(b) of the Bankruptcy Code.

If confirmed, the Plan will become effective on the second business day after the Court's Order of Confirmation becomes final and non-appealable. That date is known as the "consummation date". If the Plan is not confirmed, any party may propose an alternative Plan.

### **DISCLAIMERS**

This Disclosure Statement contains information supplementary to the Plan and is not intended to take the place of the Plan itself. Each creditor is admonished to study the Plan with their own counsel to determine the Plan's impact upon their interest. NEITHER THE DEBTOR OR IT'S ATTORNEYS, ACCOUNTANTS AND FINANCIAL CONSULTANTS WARRANT OR REPRESENT THE ACCURACY OF ANY FINAL PROJECTIONS OR THE CURRENTS OF ANY FUTURE EVENTS BEYOND THE DATE OF CONFIRMATION.

This Disclosure Statement and the Plan are the only information which the Debtor has authorized to be distributed to creditors. Representations other than those set forth in the Disclosure Statement or the Debtors' Plan should not be relied upon when voting on the Plan.

The figures presented in this Disclosure Statement are unaudited and are taken from the Debtor's books and records.

### **BACKGROUND INFORMATION ON THE DEBTOR**

Debtors are individuals that at the time Debtors filed for Chapter 13 protection the Debtors were operating, Lake of Egypt Supermarket, a convenience store and gas station located at 12124 Lake Of Egypt Rd, Marion, IL. Debtor also operated a convenience store known as the Cambria Mini Mart located at 502 S. Maple, Cambria, Illinois. The Cambria store was closed prior to filing for bankruptcy protection. Both convenience stores were owned by AKS, LLC which the Debtor was the 100% sole shareholder. That in September 2015 the Debtors ceased operating the Lake of Egypt Supermarket and closed the store. That at the time of closing the store, Debtors turned over the keys and possession to Banterra Bank. That on January 29, 2016, Debtors began operating and owning a restaurant, India Delight. That since that time, the Debtors have continued operating India Delight. India Delight is doing well, continually growing in popularity and sales each month and is the only Indian food restaurant in the market. India Delight is earning a profit and is creating enough income to permit Debtors to pay the unsecured creditors as proposed herein.

### **SECURED CREDITORS OF THE DEBTOR**

The Debtors do not have an operating loan and their primary secured creditor consist Green Tree Servicing LLC., who hold collateral owned by the Debtor, consisting of their residence located at 606 Whippoorwill Lane, Marion, IL. In addition, Banterra Bank and

Heritage Petroleum, LLC. holds collateral owned by the Debtors consisting of commercial real estate located at 12124 Lake of Egypt Road, Marion, Illinois 62959 and 502 S. Maple Street, Cambria, IL 62915.

### **CASH FLOW ANALYSIS**

The monthly payments were determined by calculating the Debtor's disposable income by averaging the projected monthly income from the operation of the Restaurant, India Delight and comparing the income to the liquidation analysis of the equity Debtor's unprotected assets.

### **FINANCIAL INFORMATION**

#### **A. TAX RETURNS**

Tax returns for 2014 and 2015 filed by the Debtors are available for inspection at the Law Office of Bradley P. Olson, 144 S. Division Street, Carterville, IL. 62918.

#### **B. FINANCIAL STATEMENT-POST PETITION**

Monthly financial statements subsequent to the Debtors filing for reorganization are available for the creditor's inspection at the Law Office of Bradley P. Olson or the United States Trustee's Office in Peoria, IL.

### **EXECUTORY CONTRACTS**

The Debtors expressly reject any executor contracts not specifically assumed in the Plan.

### **LIQUIDATION ANALYSIS**

The Debtors have filed bankruptcy schedules in this case which details the Debtors' assets and liabilities. For a more detailed listing of each asset and all liabilities, you are urged to review the Debtors' bankruptcy schedules and proof of claims that have been filed herein.

The Debtors list personal property which consists of bank account, personal household property, two automobile, one motorcycle and three parcels of real estate. Pursuant to Debtors' schedules the total value of Debtors' property at market value is listed at \$600,326.00. The Debtor's total liabilities are listed at \$996,478.00. Currently the Debtors' own three assets that require a liquidation analysis: First the Debtors' residence. An appraisal dated June 27, 2016 has valued Debtors' residence at \$299,000.00. As of June 2016, the principal balance owed to Green Tree Servicing LLC is \$200,237.76. After the considering standard administrative costs of liquidation and applying Debtors' homestead exemption, the liquidation value of Debtors' residence is \$32,882.24. Second, the Debtors' 2005 Lexus RX330 with 250K miles. NADA average trade-in value for the car is \$5,500.00. The Debtors have applied \$4,650.00 "wildcard"

and automobile exemption to the car; therefore, after applying the exemption and applying the standard administrative costs, the liquidation value of the automobile is \$850.00. Finally, the Debtors' 2005 Yamaha Road Star Midnight motorcycle. The motorcycle has a value of \$1,800.00. There is no exemption applied to the motorcycle. After applying the standard administrative costs the liquidations value of the motorcycle is \$1,584.00. Based on the above analysis, the total liquidation value of Debtors' assets to be paid to unsecured creditors is \$35,316.24.

The Debtor's Chapter 11 Plan proposes that its general unsecured creditors, priority unsecured creditors and the deficiency amount of secured creditors would receive a prorated portion of \$35,316.24. The Debtor shall pay to the pool of creditors a minimum of \$490.50 per month for a period not to exceed 72 months. If funds are available, the Debtors shall pay additional funds each month to be applied to the overall balance as set-forth herein. In the event the Debtors sell the real estate located 606 Whippoorwill Lane, Marion, IL, the Debtors will pay the net proceeds minus \$30,000.00 from Debtors' homestead exemption plus an additional \$2,434.00 total, whether paid in installments with a payout if the property is sold or paid in one installment, in full satisfaction of the plan obligations. Monthly payments shall beginning the first full month after the plan is confirmed.

### **SUMMARY OF PLAN**

Class 1: The claim of Green Tree Servicing LLC is fully secured and paid pursuant to contract rates of interest and terms.

Class 2: The claim of Banterra Bank and Heritage Petroleum, LLC are under secured creditors which will have a general unsecured deficiency balance. For the purposes of distribution to the unsecured creditor pool only, Banterra Bank's claim shall be treated as 0% secured and 100% unsecured and Heritage Petroleum, LLC shall be treated as 100% unsecured. This secured vs. unsecured determination shall have no effect on the actual security interest each has on real estate of the Debtor. The holder of this class shall be paid along with all holders of Class 3 and 4 a prorated cumulative of \$35,316.24. The Debtor shall pay to the pool of creditors a minimum of \$490.50 per month for a period not to exceed 72 months. If funds are available, the Debtors shall pay additional funds each month to be applied to the overall balance as set-forth herein. In the event the Debtors sell the real estate located 606 Whippoorwill Lane, Marion, IL, the Debtors will pay the net proceeds minus \$30,000.00 from Debtors' homestead exemption plus an additional \$2,434.00 total, whether paid in installments with a payout if the property is sold or paid in one installment, in full satisfaction of the plan obligations. Monthly payments shall beginning the first full month after the plan is confirmed.

At a minimum Banterra Bank will receive \$400.16 per month.

At a minimum Heritage Petroleum will receive \$29.54 per month.

Class 3: The claim of any claims owed to the Internal Revenue Service, Illinois Department of Revenue or Illinois Department of Employment Security priority non-secured

shall be paid in full prior to the completion of the Chapter 11 Bankruptcy plan. Although none scheduled or filed the general unsecured portion shall be paid along with all holders of Class 2 and 4 a prorated cumulative of \$35,316.24. The Debtor shall pay to the pool of creditors a minimum of \$490.50 per month for a period not to exceed 72 months. If funds are available, the Debtors shall pay additional funds each month to be applied to the overall balance as set-forth herein. In the event the Debtors sell the real estate located 606 Whippoorwill Lane, Marion, IL, the Debtors will pay the net proceeds minus \$30,000.00 from Debtors' homestead exemption plus an additional \$2,434.00 total, whether paid in installments with a payout if the property is sold or paid in one installment, in full satisfaction of the plan obligations. Monthly payments shall beginning the first full month after the plan is confirmed.

Class 4: All other allowed nonpriority unsecured claims. The holder of this class shall be paid along with all holders of Class 2 and 3 a prorated cumulative of \$35,316.24. The Debtor shall pay to the pool of creditors a minimum of \$490.50 per month for a period not to exceed 72 months. If funds are available, the Debtors shall pay additional funds each month to be applied to the overall balance as set-forth herein. In the event the Debtors sell the real estate located 606 Whippoorwill Lane, Marion, IL, the Debtors will pay the net proceeds minus \$30,000.00 from Debtors' homestead exemption plus an additional \$2,434.00 total, whether paid in installments with a payout if the property is sold or paid in one installment, in full satisfaction of the plan obligations. Monthly payments shall beginning the first full month after the plan is confirmed.

At a minimum Discover, claim one, will receive \$5.89 per month.

At a minimum Discover, claim two, will receive \$1.15 per month.\*

At a minimum Tank Teck, claim three, will receive \$1.99 per month.\*

At a minimum Capital One, claim six, will receive \$14.16 per month.

At a minimum Citibank, claim seven, will receive \$8.89 per month.

At a minimum Capital One, claim eight, will receive \$.82 per month

At a minimum Synchrony Bank, claim nine will receive \$11.04 per month

At a minimum Synchrony Bank, claim ten, will receive \$11.70 per month

At a minimum Portfolio Recovery, claim eleven, will receive \$5.06 per month

\*Any amount under \$5.00 shall carry over and the Debtors shall pay in increments of at least \$5.00.

Class 5: All disputed or stricken claims shall be disallowed.

#### **TREATMENT OF ADMINISTRATIVE AND PRIORITY TAX CLAIMS**

All allowable claims for costs and expenses of administration entitled to priority under 11 U.S.C. ' 507(a)(1) including fees and expenses of professionals, shall be paid in full upon the approval of such claims by the Court. Each allowed tax claim of a governmental unit entitled to priority under 11 U.S.C. ' 507(a)(8), to include Class 3 claims, shall be paid in full over a period not exceeding five years from the date of assessment of such claim.

### **CLASSES OF SECURED CLAIMS**

Upon Plan confirmation, Debtors will pay the secured creditor pursuant to the Chapter 11 Plan. The Debtors retains the right to accelerate payments to the secured claimant with a reduction in the payoff balance for unearned interest if the Debtors wishes to prematurely pay off the obligation created under the Plan. This right to prematurely pay off any balance will continue beyond the duration of the Debtors' Chapter 11 Plan.

### **SECURITY INTEREST**

Upon confirmation of the Plan, creditors whose liens are deemed unsecured by the Plan shall issue a termination statement to the Debtor to be filed in the appropriate recording office. Creditors who retain their lien throughout and beyond the Chapter 11 Plan, the holder of these claims shall release the lien and issue the appropriate termination or release documents upon payment in full of their claim as provided by this Chapter 11 Plan or any subsequent court approved modification pursuant to Section 1127 of the Bankruptcy Code. Except as provided for in this Plan, all other terms and conditions or mortgages, security agreements and promissory notes shall remain in effect.

### **CASH FLOW PROJECTIONS**

The Debtors' Cash Flow Projections are difficult to project in that at the time of filing the income and expenses were based on Debtors' operating a now closed business. As stated, since late January 2016 the Debtors' have owned and operated India Delight. Until May 2016 all the Debtors' real expenses were not shown on the monthly operating reports in that the Debtors' landlord did not charge rent on the building India Delight is located until May 2016. The best future projection of income and expenses appears to be from the Debtors' June 2016 month report which shows gross income of \$15,483.10 and total expenses of \$13,564.97. Although the total expense represents Debtors' modest living expenses, it does not include a salary for either Debtor. The net profit provides for a minimum wage for each of the Debtors and payment under this plan to Debtors' creditors.

### **CONCLUSION – SOLICITATION OF ACCEPTANCE**

The acceptance of all persons holding allowed Classes 1-5 are hereby solicited to vote on the Plan of Reorganization proposed by the Debtors.

The Debtors believe that acceptance and confirmation of the Plan is the best interest of all creditors of the Debtor and will result in the maximum recovery for all of the creditors.

Dated and respectfully submitted this 18th day of July, 2016.

By: /s/ Bradley P. Olson, Attorney for Debtor

By: /s/ Satish Walia

By: /s/ Kamlesh Walia

**CERTIFICATE OF SERVICE**

The undersigned certifies that copies of the foregoing were served upon the following:

U.S. Trustee  
401 Main St  
1100 Becker Building Peoria,  
IL 61602

All creditors listed on Debtor's matrix who are served electronically

on the 18th day of July, 2016, by electronic mail and to

All creditors listed on Debtor's matrix who are not served electronically

on the 18th day of July, 2016 by enclosing same in properly addressed envelopes, with sufficient postage fully prepaid, and by depositing said envelope in a United States Post Office mail box in Carterville, Illinois.

/s/ Lori Walters  
Lori Walters