UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
www.flsb.uscourts.gov

In re:

VINOD GOPAL PATEL, Case No. 16-13703-EPK

Debtor. Chapter 11
_____/

DEBTOR'S DISCLOSURE STATEMENT

I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the chapter 11 case of Vinod Gopal Patel (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Debtor's plan of reorganization (the "Plan"). A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. ***Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.***

A. Purpose of This Document. This Disclosure Statement describes: (i) The Debtor and significant events during the bankruptcy case; (ii) How the Plan proposes to treat claims or equity interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed); (iii) Who can vote on or object to the Plan; (iv) What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan; (v) Why the Debtor (also, the "Proponent") believes the Plan is feasible, and how the treatment of your claim interest under the Plan compares to what you would receive on your claim or in liquidation; and (vi) The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing.

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of the Hearing to Approve This Disclosure Statement and Confirm the Plan.* The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on _____,

at the U.S. Bankruptcy Court, 8th Floor, Courtroom B, 1515 North Flagler Drive, West Palm Beach, Florida 33401.

2. *Deadline For Voting to Accept or Reject the Plan*. The Debtor submits that no creditor is entitled to vote, as all claims are unimpaired. If, however, you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to 1515 North Flagler Drive, Room 801, West Palm Beach, FL 33401, or file the same through CM/ECF. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____or it will not be counted.

3. *Deadline For Objecting to the Adequacy of Disclosure and Confirmation of the Plan.* Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon _____ by _____.

4. *Identity of Person to Contact for More Information.* If you want additional information about the Plan, you should contact Joe M. Grant of Marshall Socarras Grant, P.L., 197 S. Federal Highway, Suite 300, Boca Raton, Florida 33432.

C. Disclaimer: ***The Court has conditionally approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement may be filed until _____.***

II. BACKGROUND INFORMATION

The principal cause of this bankruptcy case was due to the impact of the economy on one of Debtor's investment properties, in terms of a downturn in the real estate market and the resulting difficulties in servicing an SBA loan. Mr. Patel personally guaranteed a substantial amount of the corporate debt and when some of the corporate entities themselves filed Chapter 11 petitions, Mr. Patel filed his own individual Chapter 11 proceeding to deal with both his personal debt and the debt related to his personal guaranties of corporate debt.

The deadline for non-government creditors to file a proof of claim is July 20, 2016. As of July 12, 2016, the total of the claims for which proofs of claim were filed was $182,744.45. There is an additional $2,876,703.08 in scheduled debts for which

proofs of claims were not filed. Thus, the universe of outstanding claims totals $3,059,447.00.[1]

A. Projected Recovery of Avoidable Transfers.

The Debtor does not anticipate seeking to file any action to recover avoidable transfers.

B. Claims Objections. Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

C. Current and Historical Financial Conditions. The Debtor refers readers to his monthly debtor in possession reports filed in this case. The Debtor has filed Monthly Operating Reports ("DIP Report") as required by the U.S. Trustee on a monthly basis since the filing of this Chapter 11 case.

III. SUMMARY OF THE PLAN AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan? As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims. Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Plan Proponent has *not* placed the following claims in any class:

1. Administrative Expenses. Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The Debtor shall pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) through Confirmation on the Effective Date. The Debtor shall further pay the United States Trustee the appropriate sum required pursuant to 28 U.S.C. §1930(a)(6) for post-confirmation periods within the time periods set forth in 28 U.S.C. §1930(a)(6), until the earlier of the closing of this Case by the issuance of a Final Decree by the Court, upon the entry of an order of this Court dismissing this Case,

[1] The Debtor submits that this is a “worst-case” total. The Debtor may object to some claims.

or upon entry of an order converting this Case to another chapter under the Code, and the Debtor shall provide to the United States Trustee upon the payment of each post-confirmation payment an appropriate affidavit indicating disbursement for the relevant periods.

C. Classes of Claims and Equity Interest. The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan: All claims, to the extent that any objections to the claims are not sustained, will be paid in full, and thus the Debtor submits that classification of claims is unnecessary.

D. Means of Implementing the Plan. The Debtor manages a hotel and believes that the current operations can support his salary and a disposable income that will fund the payments set forth in the Chapter 11 Plan.

E. Risk Factors. Several risk factors exist that might affect the Debtor's ability to make payments and other distributions required under the Plan: Unforeseen changes in the tourist industry or the economy in general. .

F. Executory Contracts and Unexpired Leases. There are no executory contracts or unexpired leases.

G. Tax Consequences of Plan. Creditors and equity interest holders concerned with how the plan may affect their tax liability should consult with their own accountants, attorneys, and/or advisors.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are <u>not</u> the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object. Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met. Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

11 USC 1129(a)(15) provides: In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan— (A) the value, as of the effective date of the plan, of the property to be distributed

under the plan on account of such claim is not less than the amount of such claim; or (B) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325 (b)(2)) to be received during the 5-year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer. In the case at bar, Debtor has provided for payments not less than Projected disposable income of the debtor during a five year period beginning with the first payment due under the plan..

1. *What Is an Allowed Claim or an Allowed Equity Interest?* Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case is July 20, 2016.

2. *What Is an Impaired Claim or Impaired Equity Interest?* As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is **Not** Entitled to Vote.* The holders of the following five types of claims and equity interests are *not* entitled to vote: • holders of claims and equity interests that have been disallowed by an order of the Court; • holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes. • holders of claims or equity interests in unimpaired classes; • holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and • holders of claims or equity interests in classes that do not receive or retain any value under the Plan; • administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].

4. *Who Can Vote in More Than One Class.* Creditors whose claims have been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, are entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan. If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted

the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by cram down on non-accepting classes, as discussed later.

1. *Votes Necessary for a Class to Accept the Plan.* A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan. A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Non-accepting Classes.* Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a cram down plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a cram down confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis. To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. Under both a Chapter 7 and the proposed plan, all Allowed Claims will be paid an amount greater than they would receive if this case was converted to a Chapter 7.

D. Feasibility. The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

The Debtor believes that the continued operation of the hotel and his salary from managing the hotel will be sufficient to pay his proposed payments under the Plan.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge Of Debtor. Confirmation of the Plan does not discharge any debt provided for in the Plan until the court grants a discharge on completion of all payments under the Plan, or as otherwise provided in § 1141(d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

B. Modification of Plan. The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

C. Final Decree. Following confirmation, the estate will be administered by paying all claims in full via a single payment. Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VI. OTHER PLAN PROVISIONS

None.

Respectfully submitted this 14th day of July, 2016.

___/s/ Vinod Gopal Patel_____
Vinod Gopal Patel, Debtor