

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

In re:

Chapter 11

FRANK MOULTRIE,

Case No. 16-00574-TOM11

Debtor.

_____ /

**DISCLOSURE STATEMENT FOR PLAN OF REORGANIZATION UNDER CHAPTER 11 OF
THE UNITED STATES BANKRUPTCY CODE FOR FRANK MOULTRIE**

Tampa, Florida
July 27, 2016

Edward J. Peterson III (ABN 1848-E68E)
STICHTER, RIEDEL, BLAIN & POSTLER, P.A.
110 East Madison Street, Suite 200
Tampa, Florida 33602
Telephone: (813) 229-0144
Facsimile: (813) 229-1811
EMAIL: EPETERSON@SRBP.COM
ATTORNEYS FOR DEBTOR IN POSSESSION

THIS DISCLOSURE STATEMENT (THE “**DISCLOSURE STATEMENT**”) MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE FOR FRANK MOULTRIE DATED AS OF JULY 15, 2016 (AS AMENDED FROM TIME TO TIME, THE “**PLAN**”), AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR SECURITIES LAWS OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AGAINST THE DEBTOR. ANY CREDITOR OR OTHER PARTY BUYING OR SELLING A CLAIM BASED ON THE INFORMATION CONTAINED HEREIN DOES SO AT ITS OWN RISK.

ALL CREDITORS THAT ARE ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE ENTIRE DISCLOSURE STATEMENT FURNISHED TO THEM AND THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT, PRIOR TO SUBMITTING A BALLOT PURSUANT TO THIS SOLICITATION. THE DESCRIPTION OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT IS INTENDED AS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ITSELF. EACH CREDITOR SHOULD READ, CONSIDER AND CAREFULLY ANALYZE THE TERMS AND PROVISIONS OF THE PLAN.

THE PLAN PROPOSES EXCULPATION FROM LIABILITY AS TO THE DEBTOR AND VARIOUS NON-DEBTOR PARTIES FOR CERTAIN POSTPETITION ACTIONS IN CONNECTION WITH THE REORGANIZATION CASE, WHICH PROVISIONS WOULD ENJOIN THE DEBTOR, HOLDERS OF CLAIMS, AND OTHER PARTIES FROM PURSUING CERTAIN ACTIONS AGAINST SUCH PARTIES EXCEPT AS OTHERWISE PROVIDED IN THE PLAN. ALL CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO READ CAREFULLY ARTICLE 11.3 OF THE PLAN ON EXCULPATION FROM LIABILITY.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. IN ADDITION, THE DISCLOSURE STATEMENT AND THE PLAN HAVE NOT BEEN REQUIRED TO BE PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW.

NO PERSON IS AUTHORIZED BY THE DEBTOR IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO OR THE ACCOMPANYING DOCUMENTS INCORPORATED BY REFERENCE

OR REFERRED TO HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTOR. SUCH ADDITIONAL REPRESENTATIONS SHOULD BE REPORTED TO BANKRUPTCY COUNSEL FOR THE DEBTOR, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR ACTION AS MAY BE DEEMED APPROPRIATE. THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCES IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. THIS DISCLOSURE STATEMENT IS DATED AS OF JULY 15, 2016, AND CREDITORS ARE ENCOURAGED TO REVIEW THE DOCKET IN THE REORGANIZATION CASE IN ORDER TO APPRISE THEMSELVES OF EVENTS WHICH OCCUR BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE DATE OF THE CONFIRMATION HEARING.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, UNLESS OTHERWISE STATED, ALL STATEMENTS IN THIS DISCLOSURE STATEMENT AND IN THE ACCOMPANYING PLAN CONCERNING THE DEBTOR, THE PAST OR PRESENT FINANCIAL CONDITION OF THE DEBTOR, TRANSACTIONS TO WHICH THE DEBTOR WAS OR IS A PARTY, OR THE EFFECT OF CONFIRMATION OF THE PLAN ON HOLDERS OF CLAIMS AGAINST THE DEBTOR ARE ATTRIBUTABLE EXCLUSIVELY TO THE DEBTOR AND NOT TO ANY OTHER PARTY. NONE OF THE ATTORNEYS, ACCOUNTANTS, OR OTHER PROFESSIONALS RETAINED BY THE DEBTOR MAKES ANY REPRESENTATIONS CONCERNING SUCH INFORMATION.

IN THE EVENT THAT ANY IMPAIRED CLASS OF CLAIMS VOTES TO REJECT THE PLAN, (1) THE DEBTOR MAY ALSO SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN WITH RESPECT TO THAT CLASS UNDER THE BANKRUPTCY CODE'S "CRAMDOWN" PROVISIONS AND, IF REQUIRED, MAY AMEND THE PLAN TO CONFORM TO SUCH REQUIREMENTS, OR (2) THE PLAN MAY BE OTHERWISE MODIFIED OR WITHDRAWN.

THE REQUIREMENTS FOR CONFIRMATION, INCLUDING THE VOTE OF IMPAIRED CLASSES OF CLAIMS TO ACCEPT THE PLAN AND CERTAIN OF THE STATUTORY FINDINGS THAT MUST BE MADE BY THE BANKRUPTCY COURT, ARE SET FORTH IN THE SECTION OF THIS DISCLOSURE STATEMENT TITLED "VOTING ON AND CONFIRMATION OF THE PLAN."

**INDEX TO EXHIBITS TO
DISCLOSURE STATEMENT**

Exhibit 1 Liquidation Analysis

Exhibit 2 Projections

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE

INTRODUCTION

FRANK MOULTRIE, as Debtor and Debtor in Possession (the “**Debtor**”), in the Reorganization Case, has filed with the United States Bankruptcy Court for the Northern District of Alabama, Southern Division (the “**Bankruptcy Court**”) a Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code for Frank Moultrie dated as of July 27, 2016 (as amended from time to time, the “**Plan**”). This Disclosure Statement for the Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code for Frank Moultrie dated as of July 27, 2016 (the “**Disclosure Statement**”), is submitted pursuant to Section 1125 of the Bankruptcy Code, 11 U.S.C. Section 101, *et. seq.* (the “**Bankruptcy Code**”), in connection with the solicitation of votes on the Plan from Holders of Impaired Claims against the Debtor and the hearing on Confirmation of the Plan as scheduled by the Bankruptcy Court.

This Disclosure Statement is subject to the approval of the Bankruptcy Court in accordance with Section 1125(b) of the Bankruptcy Code as containing information of a kind and in sufficient detail adequate to enable a hypothetical reasonable investor typical of the holders of Claims of the relevant Voting Classes (as defined below) to make an informed judgment whether to accept or reject the Plan. Effort has been made to provide meanings of capitalized and other terms used in this Disclosure Statement. Reference is made to the Plan, however, for the actual meanings of all capitalized and other terms used in this Disclosure Statement and in the Plan and for controlling language with respect to any provision referenced in this Disclosure Statement or in the Plan. Terms used in this Disclosure Statement and in the Plan are defined in Article II of the Plan. In the event of a conflict between the definition of any term or any other provision contained in this Disclosure Statement and the corresponding definition or provision contained in the Plan, the definition or provision contained in the Plan shall control.

In the opinion of the Debtor, the treatment of Claims and Interests under the Plan contemplates a substantially greater recovery than that which is likely to be achieved under other alternatives for the reorganization of the Debtor. If the Plan is not confirmed, there is a substantial likelihood that unsecured creditors will be left with no recovery at all.

The Debtor believes that confirmation of the Plan is clearly in the best interests of Creditors and strongly recommends that Creditors holding Allowed Claims in the Voting Classes vote to accept the Plan.

PURPOSE OF THIS DISCLOSURE STATEMENT

The purpose of this Disclosure Statement is to provide the Holders of Claims with adequate information to make an informed judgment about the Plan. This information includes, among other things, (a) the procedures for voting on the Plan, (b) a summary of the Plan and an explanation of how the Plan will function, including the means of implementing and funding the

Plan, (c) general information about the Debtor prior to the Petition Date, and (d) the events leading to the filing of the Reorganization Case.

This Disclosure Statement contains important information about the Plan and considerations pertinent to a vote for or against the Confirmation of the Plan. All Holders of Claims are encouraged to review carefully this Disclosure Statement.

Unless otherwise defined herein, all capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan. Any term used in the Plan or herein that is not defined in the Plan or herein and that is used in the Bankruptcy Code or the Bankruptcy Rules has the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be. If there is any conflict between the definitions contained in this Disclosure Statement and the definitions contained in the Plan, the definitions contained in the Plan shall control.

VOTING INSTRUCTIONS

Who May Vote

Only the Holders of Claims which are “Impaired” under the terms and provisions of the Plan are permitted to vote to accept or reject the Plan. For purposes of the Plan, only the Holders of Claims in the Voting Classes (i.e., Classes 2, 4, 5 and 6) are Impaired under the Plan and thus may vote to accept or reject the Plan.

How to Vote

Each Holder of a Claim in a Voting Class should read the Disclosure Statement, together with the Plan and any Exhibits thereto, in their entirety. After carefully reviewing the Plan and this Disclosure Statement and any Exhibits thereto, please complete the enclosed Ballot, including your vote with respect to the Plan, and return it as provided below. If you have an Impaired Claim in more than one Class, you should receive a separate Ballot for each such Claim. If you receive more than one Ballot you should assume that each Ballot is for a separate Impaired Claim and you should complete and return all of them.

If you are a member of a Voting Class and did not receive a Ballot, if your Ballot is damaged or lost, or if you have any questions concerning voting procedures, please contact Susan McKee by telephone at (813) 229-0144 or by electronic transmission at smckee@srbp.com.

Completed Ballots should be sent by regular mail, hand delivery, or overnight delivery, **SO AS TO BE RECEIVED NO LATER THAN THE BALLOT DEADLINE**, to:

Clerk of the United States Bankruptcy Court
Robert S. Vance Federal Building
1800 Fifth Avenue N.
Birmingham, AL 35203-2111

A copy of the Ballot should also be sent to:

Edward J. Peterson, III, Esquire
Stichter Riedel Blain & Postler, P.A.
110 E. Madison Street, Suite 200
Tampa, Florida 33602

Acceptance of Plan and Vote Required for Class Acceptance

As the Holder of an Allowed Claim in the Voting Class, your vote on the Plan is extremely important. The Debtor is soliciting acceptances of the Plan only from Holders of Claims in Classes 2, 4, 5, and 6 which are the only Classes entitled to vote on the Plan. You may be contacted by the Debtor or his agent with regard to your vote on the Plan.

Pursuant to Section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. If a Holder of a Claim holds more than one Claim in any one Class, all Claims of such Holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims in such Class voting on the Plan.

To meet the requirement for confirmation of the Plan under the “cram-down” provisions of the Bankruptcy Code with respect to any Impaired Class of Claims which votes to reject, or is deemed to vote to reject, the Plan (a “**Rejecting Class**”), the Debtor would have to show that all Classes junior to the Rejecting Class will not receive or retain any Property under the Plan unless all Holders of Claims in the Rejecting Class receive or retain under the Plan Property having a value equal to the full amount of their Allowed Claims. For a more complete description of the implementation of the “cram-down” provisions of the Bankruptcy Code pursuant to the Plan, see “VOTING ON AND CONFIRMATION OF THE PLAN -- Confirmation Without Acceptance by All Impaired Classes.”

Confirmation Hearing

The Bankruptcy Court will schedule a hearing to consider confirmation of the Plan (the “**Confirmation Hearing**”), which may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. The Bankruptcy Court has directed that any objection to confirmation of

the Plan must be in writing and specify in detail the name and address of the objector, the basis for the objection and the specific grounds for the objection, and the amount of the Claim held by the objector. Consistent with Rule 3020(b) of the Federal Rules of Bankruptcy Procedure, any such objection must be filed with the Bankruptcy Court and served upon each of the following parties, so as to be actually received on or before the deadline set by the Court:

Debtor: Edward J. Peterson, III, Esquire
Stichter Riedel Blain & Postler, P.A.
110 East Madison Street, Suite 200
Tampa, Florida 33602

Bankruptcy Administrator: James Thomas Corbett
U.S. Bankruptcy Administrator
1800 5th Avenue North
Birmingham, AL 35203

EVENTS LEADING TO THE FILING OF THE REORGANIZATION CASE

The Debtor is employed in the business of purchasing and re-selling automobiles and often works sixty hour weeks. The Reorganization Case was filed on September 21, 2014, in the United States Bankruptcy Court for the Northern District of Florida. Venue was transferred to the United States Bankruptcy Court for the Northern District of Alabama, Southern Division on February 4, 2016. The Chapter 11 case was filed to allow the Debtor to restructure, *inter alia*, secured indebtedness, and other debts, some of which the Debtor asserts were incurred fraudulently. In addition, the Debtor was a named defendant in several actions prior to the bankruptcy filing.

SIGNIFICANT EVENTS IN THE REORGANIZATION CASE

The Debtor has resolved disputes with Vantage Bank, Regions Bank, and Bryant Bank. Vantage Bank has agreed to vote in favor of the Plan based upon the compromise. In addition, the Debtor has filed and resolved several objections to claims.

SUMMARY OF THE PLAN

Introduction

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize and/or liquidate for his own benefit and the benefit of his creditors. The formulation of a plan is the principal objective of a Chapter 11 case.

In general, a Chapter 11 plan (i) divides claims and interests into separate classes, (ii) specifies the property that each class is to receive under such plan, and (iii) contains other provisions necessary to the reorganization and/or liquidation of the debtor. Chapter 11 does not require each Holder of a claim or interest to vote in favor of the plan in order for the Bankruptcy Court to confirm the plan. However, a plan must be accepted by the holders of at least one impaired class of claims (unless there are no impaired classes) without considering the votes of “insiders” within the meaning of the Bankruptcy Code.

The summary of the Plan contained herein addresses only certain provisions of the Plan. As a summary, it is qualified in its entirety by reference to the Plan itself. Upon Confirmation and the Effective Date, the Plan shall bind the Debtor, all of the Debtor’s Creditors, and other parties in interest except as expressly set forth in the Plan. TO THE EXTENT THAT THE TERMS OF THIS DISCLOSURE STATEMENT VARY OR CONFLICT WITH THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL CONTROL.

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified in the Plan. The treatment accorded to Administrative Expense Claims and Priority Tax Claims as set forth in Article 3 of the Plan.

Administrative Expense Claims.

Each Holder of an Allowed Administrative Expense Claim (including Allowed Administrative Expense Claims of Professionals) shall be paid (a) on the Distribution Date, an amount, in Cash, equal to the Allowed Amount of its Administrative Expense Claim, in accordance with Section 1129(a)(9)(A) of the Bankruptcy Code, (b) under such other terms as may be agreed upon by both the Holder of such Allowed Administrative Expense Claim and the Debtor, or (c) as otherwise ordered by a Final Order of the Bankruptcy Court.

Priority Tax Claims.

Each Holder of an Allowed Priority Tax Claim shall receive, on account of such Allowed Priority Tax Claim, regular installment payments in Cash in accordance with Section 1129(a)(9)(C) of the Bankruptcy Code. Notwithstanding the above, each Holder of an Allowed Priority Tax Claim may be paid under such other terms as may be agreed upon by both the Holder of such Allowed Priority Tax Claim and the Debtor, as the case may be, or as otherwise ordered by a Final Order of the Bankruptcy Court.

DESIGNATION OF CLASSES OF CLAIMS

Pursuant to Section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims. A Claim is classified in a particular Class only to the extent the Claim qualifies within the description of that Class and is classified in a different Class to the extent the Claim qualifies within the description of that different Class. For purposes of the Plan, the Claims are classified as follows:

- (a) Class 1 comprises all Priority Claims.
- (b) Class 2 comprises all Allowed Secured Claims of Vantage by virtue of mortgages on the Homestead Property.
- (c) Class 3 comprises all Allowed Secured Claims of Regions by virtue of mortgages on the Birmingham Property.
- (d) Class 4 comprises all Allowed Secured Claims of County Tax Collectors and Holders of Tax Certificates.
- (e) Class 5 comprises all Allowed Claims of Bryant which has a pledge of the Debtor's interest in Moultrie Nissan, Inc.
- (f) Class 6 comprises all Unsecured Claims.

TREATMENT OF CLASSIFIED CLAIMS

Claims shall be treated under the Plan in the manner as set forth in Article 5 of the Plan. Except as otherwise specifically provided in the Plan, the treatment of, and the consideration to be received by, Holders of Allowed Claims pursuant to the Plan shall be in full and final satisfaction, settlement, release, extinguishment, and discharge of their respective Allowed Claims (of any nature whatsoever).

Unclassified Claims.

Each Holder of an Allowed Administrative Expense or an Allowed Priority Tax Claim will receive the treatment set forth in Article 3 of the Plan.

Class 1: Priority Claims.

Each Holder of an Allowed Priority Claim will receive (a) on the Effective Date, an amount, in Cash, equal to the Allowed Amount of its Priority Claim, in accordance with § 1129(a)(9)(B) of the Bankruptcy Code, or (b) payment under such other terms as may be agreed upon by the Holder of such Allowed Priority Claim and the Debtor or Reorganized Debtor. Class 1 is Unimpaired.

Class 2: Secured Claims of Vantage.

Class 2 comprises the Secured Claims of Vantage by virtue of three mortgages on the Homestead Property. Vantage's Allowed Class 2 Claim shall be paid in accordance with the terms of the Vantage Agreement, a copy of which is attached to the Plan as Exhibit B and

incorporated herein by reference. Class 2 is Impaired and is entitled to vote to accept or reject the Plan.

Class 3(A): Secured Claim of Regions.

Class 3(A) comprises the Secured Claim of Regions by virtue of a first mortgage on the Birmingham Property. Regions' Allowed Class 3(A) claim shall be paid in accordance with the terms of the existing loan documents. Regions shall retain its Lien on the Birmingham Property until the Allowed Class 3(A) Claim has been paid in full. Class 3(A) is Unimpaired.

Class 3(B): Secured Claim of Regions.

Class 3(B) comprises the Secured Claim of Regions by virtue of a second mortgage on the Birmingham Property. Regions' Allowed Class 3(B) claim shall be paid in accordance with the terms of the existing loan documents. Regions shall retain its Lien on the Birmingham Property until the Allowed Class 3(B) Claim has been paid in full. Class 3(B) is Unimpaired.

Class 4: All Secured Claims of County Tax Collectors and Holders of Tax Certificates.

Class 4 comprises all Allowed Secured Claims of County Tax Collectors and Holders of Tax Certificates by virtue of ad valorem real property taxes. Each Holder of an Allowed Class 4 Claim shall be paid (a) an amount in Cash by the Reorganized Debtor equal to the Allowed Amount of its Secured Tax Claims in accordance with § 1129(a)(9)(D) of the Bankruptcy Code, or (b) under such other terms as may be agreed upon by the Holder and the Debtor or Reorganized Debtor. Each Holder of an Allowed Secured Tax Claim shall receive interest on account of its Allowed Claim at the rate established for delinquent tax obligations pursuant to 26 U.S.C. § 6621; provided, however, that if the Holder of such Allowed Claim is a city, county or state, such Holder shall receive interest on account of its Allowed Claim at the applicable statutory rate under state law. Class 4 is Impaired and is entitled to vote to accept or reject the Plan.

Class 5: All Claims of Bryant.

Class 5 comprises the Allowed Claims of Bryant. Bryant shall receive the sum of Ten Thousand Dollars (\$10,000.00) to be paid in three (3) annual installments in the amount of Three Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents (\$3,333.33) commencing on the Effective Date. Class 5 is Impaired and is entitled to vote to accept or reject the Plan.

Class 6: Unsecured Claims.

Class 6 comprises all Allowed Unsecured Claims. Each Holder of an Allowed Claim in Class 6 shall receive its *Pro Rata Share* of Fifty Thousand Dollars (\$50,000.00), to be paid in three (3) annual installments in the amount of Sixteen Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$16,666.67), commencing eleven (11) months after the Effective Date. Class 6 is Impaired and is entitled to vote to accept or reject the Plan.

ACCEPTANCE OR REJECTION OF THE PLAN

Each Impaired Class Entitled to Vote Separately.

The Holders of Claims in each Impaired Class of Claims will be entitled to vote separately to accept or reject the Plan.

Acceptance by Impaired Classes.

Classes 2, 4, 5 and 6 are Impaired under the Plan, and the Holders of Claims in Classes 2, 4, 5, and 6 are entitled to vote to accept or reject the Plan. Pursuant to Section 1126(c) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of at least two-thirds in dollar amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated pursuant to Section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. If a Holder of a Claim holds more than one Claim in any one Class, all Claims of such Holder in such Class shall be aggregated and deemed to be one Claim for purposes of determining the number of Claims in such Class voting on the Plan.

Presumed Acceptance of Plan by Unimpaired Classes.

Classes 1 and 3 are Unimpaired under the Plan. Pursuant to Section 1126(f) of the Bankruptcy Code, the Holders of Claims in Classes 1 and 3 are conclusively presumed to have accepted the Plan and, thus, are not entitled to vote on the Plan. Accordingly, votes of Holders of Claims in such Classes are not being solicited by the Debtor. Except as otherwise expressly provided in the Plan, nothing contained herein or otherwise shall affect the rights and legal and equitable claims or defenses of the Debtor in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

Impairment Controversies.

If a controversy arises as to whether any Claim, or any Class of Claims, is Impaired under the Plan, such Claim, or Class shall be treated as specified in the Plan unless the Bankruptcy Court shall determine such controversy upon motion of the party challenging the characterization of a particular Claim, or a particular Class of Claims, under the Plan.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Assumption and Rejection of Executory Contracts and Unexpired Leases.

Exhibit A identifies all executory contracts and unexpired leases to be assumed under the Plan. Any Cure Claims of lessors and landlords in connection with the Debtor's assumption of the executory contracts and unexpired leases listed on Exhibit A shall be paid as soon as

practicable after the Effective Date but in any event no later than sixty (60) days after the Effective Date. Any executory contract or unexpired lease that has not been expressly rejected or assumed by the Debtor with the Bankruptcy Court's approval on or prior to the Confirmation Date will be deemed assumed by the Debtor as of the Effective Date unless there is pending before the Bankruptcy Court on the Confirmation Date a motion to reject such executory contract or unexpired lease. The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions and rejections described in this Article 7, pursuant to § 365 of the Bankruptcy Code.

Claims under Rejected Executory Contracts and Unexpired Leases.

Any Claim for damages arising by reason of the rejection of any executory contract or unexpired lease must be filed with the Bankruptcy Court on or before the Bar Date for rejection damage Claims in respect of such rejected executory contract or unexpired lease and served upon the Debtor or the Reorganized Debtor or such Claim will be forever barred and unenforceable against the Debtor and/or the Reorganized Debtor. Such Claims, once fixed and liquidated by the Bankruptcy Court and determined to be Allowed Claims, will be Class 6 Allowed Claims. Any such Claims that become Disputed Claims will be Class 6 Disputed Claims for purposes of administration of payments to Holders of Class 6 Claims. The Plan, the Bar Date Order, and any other order of the Bankruptcy Court providing for the rejection of an executory contract or unexpired lease will constitute adequate and sufficient notice to Persons or Entities which may assert a Claim for damages from the rejection of an executory contract or unexpired lease of the Bar Date for filing a Claim in connection therewith.

MEANS OF IMPLEMENTATION OF THE PLAN

General Overview of the Plan.

The Plan provides for the payment of Allowed Claims from the Reorganized Debtor's income and exempt social security benefits but may be supplemented, as necessary and appropriate, by exempt assets, funds from his non-debtor spouse, and/or contributions from third parties.

Vesting of Property of the Estate in the Debtor.

On the Effective Date, except as otherwise expressly provided in the Plan, the Reorganized Debtor will be revested with all of his assets free and clear of any and all Liens, Debts, obligations, Claims, Cure Claims, Liabilities, and all other interests of every kind and nature.

Section 1146 Exemption.

Pursuant to § 1146(a) of the Bankruptcy Code, the issuance, distribution, transfer or exchange of any security or the making, delivery or recording of any instrument of transfer pursuant to, in implementation of or as contemplated by the Plan, or the vesting, re-vesting, transfer or sale of any assets of, by or in the Debtor or the Estate pursuant to, in implementation

of or as contemplated by the Plan, or any transaction arising out of, contemplated by or in any way related to the foregoing, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, sales tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall be, and hereby are, directed to forego the collection of any such tax or governmental assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

Causes of Action.

(a) On the Effective Date, except to the extent that a Creditor or other third party has been specifically released from any Cause of Action that the Estate may have by the terms of the Plan or by order of the Bankruptcy Court, the Reorganized Debtor will retain all Causes of Action including, without limitation, any and all Claims listed in the bankruptcy schedules or any amendments to or amended schedules.

(b) Except as otherwise set forth in this Plan, neither a vote to accept the Plan by any Creditor nor the entry of the Confirmation Order will result in the waiver or release of any of the Estate's Causes of Action against such Creditor. Confirmation of the Plan and entry of the Confirmation Order is not intended to and will not be deemed to have any *res judicata*, judicial estoppel, or other effect that in any way precludes or inhibits prosecution of Causes of Action following Confirmation of the Plan.

(c) The Debtor may hold Causes of Action against various Prepetition Creditors pursuant to Article 5 of the Bankruptcy Code. The Debtor may pursue potential Causes of Action. Following the Effective Date, the Reorganized Debtor retains the right to pursue, resolve, settle, or abandon the Causes of Action.

PROVISIONS GOVERNING DISTRIBUTIONS

Cash Distributions.

The distributions to Creditors provided for herein will be made from the Reorganized Debtor's income and exempt social security benefits but may be supplemented, as necessary and appropriate, by exempt assets, funds from his non-debtor spouse, and/or contributions from third parties.

Determination of Claims.

(a) Following the Effective Date and except as may otherwise be provided herein, the Reorganized Debtor will have standing to and may object to any Administrative Expense, Priority Claim, Priority Tax Claim, Secured Claim, or Unsecured Claim. Except as to any late-filed Claims and Claims resulting from the rejection of executory contracts or unexpired leases, if any, all objections to Claims will be filed with the Bankruptcy Court within ninety (90) days following Confirmation, unless such deadline is extended by order of the Bankruptcy Court.

(b) Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the Holder of the Claim if the Debtor effects service in any of the following manners: (a) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004, (b) to the extent counsel for the Holder of a Claim is unknown, by first class mail, postage prepaid, on the signatory on the Proof of Claim or other representative identified on the Proof of Claim or any attachment thereto, or (c) by first class mail, postage prepaid, on any counsel that has filed a notice of appearance in the Bankruptcy Case on behalf of the Holder of a Claim.

(c) Disputed Claims will be fixed or liquidated in the Bankruptcy Court as core proceedings within the meaning of 28 U.S.C. § 157(b)(2)(B) unless the Bankruptcy Court orders otherwise. If the fixing or liquidation of a contingent or unliquidated Claim would cause undue delay in the administration of the Reorganization Case, such Claim will be estimated by the Bankruptcy Court for purposes of allowance and distribution. Upon receipt of a timely filed Proof of Claim, the Debtor or other party in interest may file a request for estimation along with its objection to the Claim set forth therein. The determination of Claims in Estimation Hearings will be binding for purposes of establishing the maximum amount of the Claim for purposes of allowance and distribution. Procedures for specific Estimation Hearings, including provisions for discovery, will be set by the Bankruptcy Court giving due consideration to applicable Bankruptcy Rules and the need for prompt determination of the Disputed Claim.

Distributions as to Allowed Claims in Class 6.

(a) Notwithstanding any provision herein to the contrary, no Distribution shall be made to the Holder of a Disputed Claim in Class 6 unless and until such Disputed Claim becomes an Allowed Claim. If, on any applicable Distribution Date, any Disputed Claims in Class 6 remain, then the Debtor shall withhold from any such Distribution the amount of funds that would be necessary to make the same proportionate distribution to the Holders of all Class 6 Claims which are Disputed Claims as if each such Disputed Claim were an Allowed Class 6 Claim. At such time that such Disputed Claim becomes an Allowed Class 6 Claim, the Holder of such Allowed Class 6 Claim shall receive the Distribution to which such Holder is then entitled under the Plan.

(b) A Distribution to a Holder of an Allowed Class 6 Claim shall be made at the address of such Holder set forth in the Schedules or on the books and records of the Debtor at the time of the Distribution, unless the Debtor has been notified in writing of a change of address, including by the filing of a Proof of Claim or statement pursuant to Bankruptcy Rule 3003 by such Holder that contains an address for such Holder different than the address for such Holder as set forth in the Schedules.

Unclaimed Distributions.

(a) If the Holder of an Allowed Claim fails to negotiate a check issued to such Holder within ninety (90) days of the date such check was issued, then the amount of Cash attributable to such check will be deemed to be unclaimed, such Holder's Claim will no longer be deemed to be Allowed, and such Holder will be deemed to have no further Claim in respect of such check and will not participate in any further distributions under the Plan.

(b) If a distribution pursuant to the Plan to any Holder of an Allowed Claim is returned to the Reorganized Debtor due to an incorrect or incomplete address for the Holder of such Allowed Claim, and no claim is made to the Reorganized Debtor as to such distribution within ninety (90) days of the return of such distribution, then the amount of Cash attributable to such distribution will be deemed to be unclaimed and such Holder will be deemed to have no further Claim in respect of such distribution and will not participate in any further distributions under the Plan.

(c) Any unclaimed distribution as described above from the Reorganized Debtor will revert in the Reorganized Debtor.

Transfers of Claims.

In the event that the Holder of any Claim transfers such Claim on and after the Effective Date, it will immediately advise the Reorganized Debtor in writing of such transfer. The Reorganized Debtor will be entitled to assume that no transfer of any Claim has been made by any Holder unless and until the Reorganized Debtor have received written notice to the contrary. Each transferee of any Claim will take such Claim subject to the provisions of the Plan and to any request made, waiver or consent given, or other action taken hereunder and, except as otherwise expressly provided in such notice, the Reorganized Debtor will be entitled to assume conclusively that the transferee named in such notice will thereafter be vested with all rights and powers of the transferor under the Plan.

One Distribution per Holder.

If the Holder of a Claim holds more than one Claim in any one Class, all Claims of such Holder in such Class shall be aggregated and deemed to be one Claim for purposes of Distributions hereunder, and only one Distribution shall be made with respect to the single aggregated Claim.

Effect of Pre-Confirmation Distributions.

Nothing in the Plan shall be deemed to entitle the Holder of a Claim that received, prior to the Effective Date, full or partial payment of such Holder's Claim, by way of settlement or otherwise, pursuant to an order of the Bankruptcy Court, provision of the Bankruptcy Code, or other means, to receive a duplicate payment in full or in part pursuant to the Plan; and all such full or partial payments shall be deemed to be payments made under the Plan for purposes of satisfying the obligations of the Debtor to such Holder under the Plan.

No Interest on Claims.

Except as expressly stated in the Plan or otherwise Allowed by a Final Order of the Bankruptcy Court, no Holder of an Allowed Claim shall be entitled to the accrual of Postpetition interest or the payment of Postpetition interest, penalties, or late charges on account of such Allowed Claim for any purpose. Additionally, and without limiting the foregoing, interest shall

not accrue or be paid on any Disputed Claim in respect of the period from the Effective Date to the date a Distribution is made when and if such Disputed Claim becomes an Allowed Claim.

Compliance with Tax Requirements.

In connection with the Plan, the Debtor shall comply with all tax withholding and reporting requirements imposed by federal, state, local and foreign taxing authorities, and all Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the above, each Holder of an Allowed Claim that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding, and other tax obligations, on account of such Distribution.

De Minimis Distributions on Account of Allowed Class 6 Unsecured Claims.

To avoid the disproportionate expense and inconvenience associated with making *de minimis* distributions, the Reorganized Debtor will not be required to make, and will be excused from making, distributions in amounts of less than Five Dollars (\$5.00) each to Holders of Allowed Class 6 Claims.

**CONDITIONS PRECEDENT TO CONFIRMATION
OF THE PLAN AND THE EFFECTIVE DATE**

Condition Precedent to Confirmation of the Plan.

Entry of the Confirmation Order to consummate this Plan is conditioned upon the Bankruptcy Court having made findings and determinations regarding this Plan that will enable the entry of the Confirmation Order in a manner consistent with the provisions of the Plan and in form and substance satisfactory to the Debtor.

Condition Precedent to Effective Date.

The Effective Date will not occur and the Plan will not be consummated until (a) the Bankruptcy Court has entered the Confirmation Order, in form and substance satisfactory to the Debtor, on the Docket of the Reorganization Case; (b) no stay of the Confirmation Order is in effect; and (c) fourteen (14) days have passed following the entry of the Confirmation Order and, if the fourteenth (14th) day following entry of such order is not a business day, the business day following the passage of fourteen (14) days has passed.

Waiver of Conditions Precedent.

The Debtor may elect to waive any condition precedent set forth above that has not been satisfied on or before the date of the Confirmation Hearing.

Effective Date Notice.

Promptly following the satisfaction of the conditions precedent set forth above, the Debtor shall file a notice (the “**Effective Date Notice**”) with the Bankruptcy Court designating the Effective Date. The Debtor shall serve the Effective Date Notice on all of the Notice Parties.

DISCHARGE, EXCULPATION FROM LIABILITY, AND GENERAL INJUNCTION

Discharge and Final Decree.

Confirmation of this Plan does not discharge any debt provided for in this Plan until the Bankruptcy Court grants a discharge on completion of all payments under this Plan, or as otherwise provided in § 1141(d)(5) of the Bankruptcy Code. The Debtor will not be discharged from any debt excepted from discharge under § 523 of the Bankruptcy Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure. Upon substantial consummation in accordance with § 1101(2) of the Bankruptcy Code and when the estate has been fully administered, except for the completion of all Plan payments, the Debtor will seek to have this case administratively closed. Upon filing proof that the confirmed Plan has been substantially consummated as provided in § 1102(2) of the Bankruptcy Code, the Debtor respectfully requests that the Bankruptcy Court enter a Final Decree under the following terms and conditions: (a) confirmation of this Plan does not discharge any debt provided for in the Plan until the Bankruptcy Court grants a discharge upon completion of all payments under the Plan, or as otherwise provided in § 1141(d)(5) of the Bankruptcy Code; and (b) upon completion of all payments under the Plan or as otherwise available under § 1141(d)(5)(B) of the Bankruptcy Code, the Debtor shall file his Notice of Completion of Plan Payments and Request for Entry of Discharge (the “Notice of Completion”), accompanied by a certificate of service, and the case will be automatically re-opened pursuant to § 350(b) of the Bankruptcy Code without the payment of a fee. The Notice of Completion, which the Debtor shall serve on all creditors, shall provide that if there is no response within 20 days, a discharge order will be entered.

General Injunction.

Pursuant to §§ 105, 1123, 1129, and 1141 of the Bankruptcy Code, in order to preserve and implement the various transactions contemplated by and provided for in the Plan, except as otherwise provided in the Plan or in the Confirmation Order, all Persons or Entities that have held, currently hold or may hold a Claim or other Debt, or Liability that is discharged pursuant to the terms of the Plan are and shall be permanently enjoined and forever barred to the fullest extent permitted by law from taking any of the following actions on account of any such discharged Claims, Debts, or Liabilities, other than actions brought to enforce any rights or obligations under the Plan, or the Plan Documents: (a) commencing or continuing in any manner any action or other proceeding against the Debtor, the Reorganized Debtor, or his respective Properties; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the Reorganized Debtor, or his respective Properties; (c) creating, perfecting or enforcing any Lien or encumbrance against the Debtor, the Reorganized Debtor, or his

respective Properties; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any Debt, Liability or obligation due to the Debtor or the Reorganized Debtor; or (e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. The Debtor and the Reorganized Debtor shall have the right to independently seek enforcement of this general injunction provision. This general injunction provision is an integral part of the Plan and is essential to its implementation.

Exculpation from Liability.

The Debtor, the Reorganized Debtor, his respective agents, representatives, accountants, attorneys, and Professionals (acting in such capacity), and his respective heirs, executors, administrators, successors, and assigns, will neither have nor incur any Liability whatsoever to any person or other entity for any act taken or omitted to be taken in good faith in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, any Plan Document, or any contract, instrument, release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan or the Reorganization Case. The rights granted under this Article 11 are cumulative with (and not restrictive of) any and all rights, remedies, and benefits that the Debtor, the Reorganized Debtor, and his respective agents have or obtain pursuant to any provision of the Bankruptcy Code. This exculpation from liability provision is an integral part of the Plan and is essential to its implementation.

Term of Certain Injunctions and Automatic Stay.

(a) All injunctions or automatic stays provided for in the Bankruptcy Case pursuant to §§ 105, 362 or other applicable provisions of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect following the Confirmation Date and until the Final Decree Date, unless otherwise ordered by the Bankruptcy Court.

(b) With respect to all lawsuits pending in courts in any jurisdiction (other than the Bankruptcy Court) in which the applicable Debtor was listed as a defendant and that seek to establish the Debtor's liability on Prepetition Claims asserted therein and that are stayed pursuant to § 362 of the Bankruptcy Code, such lawsuits shall be deemed dismissed as of the Effective Date, unless the applicable Debtor affirmatively elects to have the Debtor's liability established by such other courts, and any pending motions seeking relief from the automatic stay for purposes of continuing any such lawsuits in such other courts shall be deemed denied as of the Effective Date, and the automatic stay shall continue in effect, unless the Debtor affirmatively elects to have the automatic stay lifted and to have the Debtor's liability established by such other courts; and the Prepetition Claims at issue in such lawsuits shall be determined and either Allowed or disallowed in whole or part by the Bankruptcy Court pursuant to the applicable provisions of the Plan, unless otherwise elected by the Debtor as provided herein. To be clear, any lawsuits pending in courts in any jurisdiction in which a Debtor is a plaintiff or seeks to

establish a claim against another party are not subject to this Article and shall not be deemed dismissed and are Causes of Action being vested in the Debtor under this Plan.

No Liability for Tax Claims.

Unless a taxing Governmental Unit has asserted a Claim against the Debtor before the Bar Date or Administrative Expense Claims Bar Date established with respect to such Claim, no Claim of such Governmental Unit will be Allowed against the Debtor or Reorganized Debtor for taxes, penalties, interest, additions to tax, or other charges arising out of the failure, if any, of the Debtor to have paid tax or to have filed any tax return (including any income tax return or franchise tax return) in or for any prior year or arising out of an audit of any return for a period before the Petition Date.

No Liability for Untimely Administrative Expense Claims.

Holders of Administrative Expense Claims (including Holders of any Claims for Postpetition Federal, state or local taxes) that do not file an application or other Bankruptcy Court-approved pleading by the Administrative Expense Claims Bar Date will be forever barred from asserting such Administrative Expense Claims against the Debtor, the Reorganized Debtor, or any of their respective Properties.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The tax consequences of the Plan to Holders of Claims (the “**Holders**”) are discussed below. This discussion of the federal income tax consequences of the Plan to Holders under U.S. federal income tax law, including the Internal Revenue Code of 1986, as amended (the “**Tax Code**”), is provided for informational purposes only. While this discussion addresses certain of the material tax consequences of the Plan, it is not a complete discussion of all such consequences and is subject to substantial uncertainties. Moreover, the consequences to a Holder may be affected by matters not discussed below (including, without limitation, special rules applicable to certain types of persons, such as persons holding non-vested stock or otherwise subject to special rules, nonresident aliens, life insurance companies, and tax-exempt organizations) and by such Holder’s particular tax situation. In addition, this discussion does not address any state, local, or foreign tax considerations that may be applicable to particular Holders.

HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING STATE, LOCAL AND FOREIGN TAX CONSEQUENCES.

THE DEBTOR’S GENERAL BANKRUPTCY COUNSEL HAS NO TAX EXPERTISE AND HAS NOT RESEARCHED OR ANALYZED TAX CONSEQUENCES RESULTING FROM THE PLAN.

SOME OF THE ISSUES DISCUSSED BELOW ARE COMPLEX, AND THERE CAN BE NO ASSURANCE OF THE ACCURACY OF THIS INFORMATION.

General Federal Income Tax Consequences to Holders

In General. The following discussion addresses certain of the material consequences of the Plan to Holders. Under the Plan, the tax consequences of the Plan to a Holder will depend, in part, on the type of consideration received in exchange for the Claim and the tax status of the Holder, such as whether the Holder is an individual, corporation or other entity, whether the Holder is a resident of the United States, the accounting method of the Holder, and the tax classification of the Holder's particular Claim. **HOLDERS ARE STRONGLY ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIM.**

Tax Consequences to Holders. Holders are urged to consult with their tax advisors as to the consequences of the Plan to them. Among the issues Holders and their advisors may wish to consider are:

- (1) The extent to which a Holder may be entitled to a bad debt deduction or a worthless securities loss.
- (2) The extent to which a Holder may recognize gain or loss on the exchange of its Claim for property, debt, and stock of the Debtor and the character of that gain or loss.
- (3) The basis and the holding period for any property, debt, and stock received by a Holder.
- (4) Whether the original issue discount rules, market discount rule, and amortizable bond premium rules apply to any debt received by a Holder.
- (5) The treatment of property, stock, or debt, if any, received by a Holder in satisfaction of accrued interest.
- (6) The effect of a Holder receiving deferred distributions or distributions that are contingent in amount.

PERSONS CONCERNED WITH THE TAX CONSEQUENCES OF THE PLAN SHOULD CONSULT THEIR OWN ACCOUNTANTS, ATTORNEYS AND/OR ADVISORS. THE DEBTOR MAKES THE ABOVE-NOTED DISCLOSURE OF POSSIBLE TAX CONSEQUENCES FOR THE SOLE PURPOSE OF ALERTING READERS TO TAX ISSUES THEY MAY WISH TO CONSIDER. THE DEBTOR CANNOT AND DOES NOT REPRESENT THAT THE TAX CONSEQUENCES MENTIONED ABOVE ARE COMPLETELY ACCURATE BECAUSE, AMONG OTHER THINGS, THE TAX LAW

EMBODIES MANY COMPLICATED RULES THAT MAKE IT DIFFICULT TO STATE ACCURATELY WHAT THE TAX IMPLICATIONS OF ANY ACTION MIGHT BE.

VOTING ON AND CONFIRMATION OF THE PLAN

Confirmation and Acceptance by All Impaired Classes

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan if all of the requirements of Bankruptcy Code Section 1129 are met. Among the requirements for confirmation of a plan are that the plan be accepted by all impaired classes of claims, and satisfaction of the matters described below.

Feasibility. A plan may be confirmed only if it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. The Debtor believes that he will be able to perform his obligations under the Plan without further financial reorganization.

Best Interests Standard. The Bankruptcy Code requires that the Plan meet the “best interest” test, which requires that members of a Class must receive or retain under the Plan, property having a value not less than the amount which the Class members would have received or retained if the Debtor was liquidated under Chapter 7 on the same date. The Debtor believes that Distributions to all Impaired Classes of Claims in accordance with the terms of the Plan would exceed the net distribution that would otherwise take place in Chapter 7. See “ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN—Liquidation under Chapter 7 or Chapter 11.” *See also* attached Liquidation Analysis.

Confirmation Without Acceptance by All Impaired Classes

If one or more of the Impaired Classes of Claims does not accept the Plan, the Plan may nevertheless be confirmed and be binding upon the non-accepting Impaired Class under the “cram-down” provisions of the Bankruptcy Code, if the Plan does not “discriminate unfairly” and is “fair and equitable” to the non-accepting Impaired Classes under the Plan.

Discriminate Unfairly. The Bankruptcy Code requirement that a plan not “discriminate unfairly” means that a dissenting class must be treated equally with respect to other classes of equal rank. The Debtor believes that the Plan does not “discriminate unfairly” with respect to any Class of Claims because no Class is afforded treatment which is disproportionate to the treatment afforded other Classes of equal rank.

Fair and Equitable Standard. The “fair and equitable” standard, also known as the “absolute priority rule,” requires that a dissenting class receive full compensation for its allowed claims or interests before any junior class receives any distribution. The Debtor believes the Plan is fair and equitable to all Classes pursuant to this standard.

Accordingly, if necessary, the Debtor believes that the Plan meets the requirements for Confirmation by the Bankruptcy Court, notwithstanding the non-acceptance by an Impaired Class of Claims.

The Debtor intends to evaluate the results of the balloting and determine whether to seek Confirmation of the Plan in the event that less than all the Impaired Classes of Claims do not vote to accept the Plan. The determination as to whether to seek Confirmation under such circumstances will be announced before or at the Confirmation Hearing.

Absolute Priority Rule

The Bankruptcy Code and other applicable law establish the priority for distribution of funds in Reorganization Case. These priority provisions are sometimes referred to as the “absolute priority” rule. Normally, and subject to exceptions not relevant here, valid secured claims are first paid to the extent of the amount of the claim or the value of the claimant's collateral (if less than the claim).

Any property in the bankruptcy estate, net of the valid secured claims described above, is first distributed to holders of priority claims, including the costs of administering the Reorganization Case. After payment of priority claims, unsecured creditors share *pro rata* in the remaining funds until paid in full.

Non-Confirmation of the Plan

If the Plan is not confirmed by the Bankruptcy Court, the Court may permit the filing of an amended plan, dismiss the Reorganization Case, or convert the Reorganization Case to Chapter 7. In a Chapter 7 case, the Debtor's assets would be distributed to the Unsecured Creditors after the payment of all Secured Claims, costs of administration and the payment of priority claims.

The cost of distributing the Plan and this Disclosure Statement, as well as the costs, if any, of soliciting acceptances, will be borne by the Debtor.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the potential alternatives include (a) alternative plans under Chapter 11, (b) dismissal of the Reorganization Case, or (c) conversion of the Reorganization Case to Case under Chapter 7 of the Bankruptcy Code.

Liquidation under Chapter 7 or Chapter 11

If a plan is not confirmed, the Reorganization Case may be converted to Chapter 7 liquidation Case. In a Chapter 7 case, a trustee would be elected or appointed to liquidate the assets of the Debtor. The proceeds of the liquidation would be distributed to the Creditors of the Debtor in accordance with the priorities established by the Bankruptcy Code.

In general, the Debtor believes that liquidation under Chapter 7 would result in diminution of the value of the interests of the Creditors because of (a) additional administrative expenses involved in the appointment of a trustee and attorneys, accountants and other professionals to assist such trustee; (b) additional expenses and claims, some of which might be entitled to priority, which would arise by reason of the liquidation; (c) the inability to utilize the work product and knowledge of the Debtor and his Professionals; and (d) the substantial delay that would elapse before Creditors would receive any distribution in respect of their Claims.

SUMMARY, RECOMMENDATION AND CONCLUSION

The Plan provides for an orderly and prompt distribution to Holders of Allowed Claims against the Debtor. The Debtor believes that his efforts to maximize the return for Creditors have been full and complete. The Debtor further believes that the Plan is in the best interests of all Creditors. In the event of a liquidation of the Debtor's assets under Chapter 7 of the Bankruptcy Code, the Debtor believes there would be little or no distribution to Unsecured Creditors. For these reasons, the Debtor believes that the Plan is in the best interests of all Creditors and urges that the Plan be accepted.

/s/ Edward J. Peterson, III

Edward J. Peterson III (ABN 1848-E68E)

STICHTER, RIEDEL, BLAIN & POSTLER, P.A.

110 East Madison Street, Suite 200

Tampa, Florida 33602

Telephone: (813) 229-0144

Facsimile: (813) 229-1811

EMAIL: EPETERSON@SRBP.COM

ATTORNEYS FOR DEBTOR IN POSSESSION

EXHIBIT 1
LIQUIDATION ANALYSIS

ASSETS¹

	Chapter 11 Value	Chapter 7 Value
Real Property		
183 Magnolia Street, Santa Rosa Beach, FL ²	\$775,611.00	\$0.00
Personal Property		
Cash ³	\$6,600.00	\$0.00
Utility Deposits	\$250.00	\$0.00
Household Goods and Furnishings (Florida) ⁴	\$4,000.00	\$0.00
Household Goods and Furnishings (Alabama) ⁵	\$3,000.00	\$0.00
Pictures ⁶	\$150.00	\$0.00
Clothing and Jewelry ⁷	\$850.00	\$0.00
Firearm ⁸	\$300.00	\$60.00
Cash Surrender Value of Life Insurance Policy ⁹	\$10,000.00	\$0.00
1991 Jeep Wrangler ¹⁰	\$2,800.00	\$960.00
Wells Cargo Trailer ¹¹	\$1,000.00	\$700.00
Fax Machine	\$0.00	\$0.00
Dogs (3)	\$0.00	\$0.00

¹ Except as otherwise specifically indicated, values set forth herein are based on the Debtor's estimates as of the Petition Date. The Debtor has no special training with respect to the valuation of assets. Liquidation values assume a forced sale within ninety days.

² The Chapter 11 value of the real property located at 183 Magnolia Street, Santa Rosa Beach, Florida is based upon the value set forth in the Santa Rosa County Property Appraiser's records. The property is owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties. Exempt pursuant to 11 U.S.C. §522(b)(3)(B). The property is also the Debtor's homestead and is exempt pursuant to Fla. Const. Art. X, §4(a)(1) and Fla. Stat. §222.25. Accordingly, no funds would be available in Chapter 7.

³ Cash as of the Petition Date. Exempt pursuant to Fla. Stat. §222.11(2)(b). Accordingly, no funds would be available in Chapter 7.

⁴ Owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties. Exempt pursuant to 11 U.S.C. §522(b)(3)(B). Accordingly, no funds would be available in Chapter 7.

⁵ Owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties. Exempt pursuant to 11 U.S.C. §522(b)(3)(B). Accordingly, no funds would be available in Chapter 7.

⁶ Owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties. Exempt pursuant to 11 U.S.C. §522(b)(3)(B). Accordingly, no funds would be available in Chapter 7.

⁷ Exempt pursuant to Fla. Const. Art. X, §4(a)(2). Accordingly, no funds would be available in Chapter 7.

⁸ Partially exempt (to the extent of \$150.00) pursuant to Fla. Const. Art. X, §4(a)(2). After taking into account the Debtor's exemption and a reduction in the value for a quick sale and sale-related expenses, the Debtor estimates that \$60.00 would be available in Chapter 7.

⁹ Exempt pursuant to Fla. Stat. §222.14. Accordingly, no funds would be available in Chapter 7.

¹⁰ Partially exempt (to the extent of \$1,000.00) pursuant to Fla. Stat. §222.25(1). The liquidation value reduces the going-concern value by approximately thirty percent (30%) for a quick sale and sale-related expenses. After taking into account the Debtor's exemption and a reduction in the value for a quick sale and sale-related expenses, the Debtor estimates that approximately \$960.00 would be available in Chapter 7.

¹¹ The liquidation value reduces the going-concern value by approximately thirty percent (30%) for a quick sale and sale-related expenses. After taking into account a reduction in the value for a quick sale and sale-related expenses, the Debtor estimates that approximately \$700.00 would be available in Chapter 7.

Interest in FAMM Holdings, LLC ¹²	\$0.00	\$0.00
Interest in Moultrie Family Management, Inc. ¹³	\$0.00	\$0.00
Interest in Moultrie Family Holdings, LLC ¹⁴	\$0.00	\$0.00
Interest in Moultrie Nissan, LLC ¹⁵	\$0.00	\$0.00
Interest in Red Elephant Properties, LLC ¹⁶	\$0.00	\$0.00
Claims against Stephen Moultrie, Vantage Bank, Charles O. Wall, II, and Autauga Automotive, LLC	Undetermined	Undetermined
Chapter 5 Causes of Action	\$0.00	\$0.00
Total	\$804,561.00	\$1,720.00

LIABILITIES

Claims	Amount
Administrative	
Stichter, Riedel, Blain & Postler, P.A. ¹⁷	\$50,000.00
Secured¹⁸	\$2,563,000.00
Unsecured¹⁹	\$4,451,901.87
Total	\$7,064,901.87

ESTIMATED PRO-RATA DISTRIBUTIONS TO UNSECURED CREDITORS

	Chapter 11	Chapter 7
Amount	\$50,000.00	\$0.00

¹² FAMM Holdings, LLC, which is owned by Moultrie Family Holdings, LLC, owns real property located at 4918 Appaloosa Trail, Birmingham, Alabama. The Chapter 11 value of the real property is approximately \$420,000 and is based upon a recent appraisal and the Shelby County Property Tax Commissioner's records. A portion of the property is encumbered by indebtedness of approximately \$430,000.00. Accordingly, no funds would be available in Chapter 7.

¹³ Owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties. Exempt pursuant to 11 U.S.C. §522(b)(3)(B). Accordingly, no funds would be available in Chapter 7.

¹⁴ Ninety-nine percent (99%) of Moultrie Family Holdings, LLC is owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties and is therefore exempt pursuant to 11 U.S.C. §522(b)(3)(B). The remaining one percent (1%) is owned by Moultrie Family Management, Inc. Accordingly, no funds would be available in Chapter 7.

¹⁵ Owned by the Debtor and his wife, Melissa Moultrie, as tenants by the entireties. Exempt pursuant to 11 U.S.C. §522(b)(3)(B). Accordingly, no funds would be available in Chapter 7.

¹⁶ The Debtor owns 33 1/3% of Red Elephant Properties, LLC, which owns a three (3) unit multi-family property located in Tuscaloosa, Alabama. The property is fully encumbered. Accordingly, no funds would be available in Chapter 7.

¹⁷ Estimated professional fees and costs through confirmation. Subject to adjustment based upon actual fees and costs incurred.

¹⁸ Based upon scheduled secured Claims. The Debtor reserves the right to object (in whole or in part) to any scheduled claim.

¹⁹ Based upon scheduled unsecured Claims. The Debtor reserves the right to object (in whole or in part) to any scheduled claim.

**EXHIBIT 2
PLAN PROJECTIONS**

	Year 1 (Oct. 2016- Sept. 2017)	Year 2 (Oct. 2017- Sept. 2018)	Year 3 (Oct. 2018- Sept. 2019)
Income			
Social Security Income	29,304.00	29,304.00	29,304.00
Other Income (Average)	180,000.00	180,000.00	180,000.00
Contributions from Exempt Assets, Non-Debtor Spouse, or Third Parties	65,000.00	21,500.00	27,500.00
Total Income	274,304.00	230,804.00	236,804.00
Expenses			
Real Estate Taxes	5,600.04	5,880.04	6,174.04
Home Maintenance and Repairs	1,890.00	1,984.50	2,083.73
Homeowner's Dues	2,400.00	2,400.00	2,400.00
Utilities	7,812.00	8,202.60	8,612.73
Food and Housekeeping Supplies	5,670.00	5,953.50	6,251.18
Clothing, Laundry, and Dry Cleaning	315.00	330.75	347.29
Personal Care Products and Services	1,512.00	1,587.60	1,666.98
Medical and Dental	18,900.00	19,845.00	20,837.25
Transportation	15,120.00	15,876.00	16,669.80
Entertainment	2,520.00	2,646.00	2,778.30
Charitable Contributions	2,520.00	2,646.00	2,778.30
Insurance			
Homeowner's	3,809.36	3,999.83	4,199.82
Life	2,835.00	2,976.75	3,125.59
Health	31,500.00	33,075.00	34,728.75
Vehicle	882.00	926.10	972.41
Expenses for Appaloosa Trail Property	6,463.80	6,786.99	7,126.34
Total Expenses	109,749.20	115,116.66	120,752.49
Funds Available for Distribution to Creditors	164,554.80	115,687.34	116,051.51
Plan Payments			
Administrative Expense Claims	50,000.00	-	-
Class 1--Priority Claims	-	-	-
Class 2--Vantage Bank	75,345.12	75,345.12	75,345.12
Class 3(A)--Regions Bank	6,982.80	6,982.80	6,982.80
Class 3(B)--Regions Bank	11,093.28	11,093.28	11,093.28
Class 4--Secured Tax Claims	-	-	-
Class 5--Bryant Bank	3,333.33	3,333.33	3,333.33
Class 6--Unsecured Creditors	16,666.67	16,666.67	16,666.67
Total Plan Payments	163,421.20	113,421.20	113,421.20
Net Funds Remaining After Distributions to Creditors	1,133.60	2,266.14	2,630.31