

IN THE UNITED STATES BANKRUPTCY COURT FOR
THE NORTHERN DISTRICT OF ALABAMA
NORTHERN DIVISION

In the Matter of:)	
)	
Monster Concrete, LLC)	CASE NO.: 18-80280-CRJ11
EIN: XX-XXX8547)	CHAPTER 11
)	
Debtor)	

DEBTOR'S DISCLOSURE STATEMENT
DATED JUNE 6, 2018

INTRODUCTION

Monster Concrete LLC, as Debtor-in-Possession ("Debtor"), filed a voluntary petition under Chapter 11 of Title 11, United States Code ("Bankruptcy Code" or "Code"), on February 1, 2018 in the United States Bankruptcy Court for the Northern District of Alabama, Northern Division ("Bankruptcy Court" or "Court").

Debtor submits this Disclosure Statement dated June 6, 2018 ("Disclosure Statement"), in connection with its Chapter 11 Plan of Reorganization dated June 6, 2018, ("Plan") as required by 11 U.S.C. § 1121. The definitions in the Plan are incorporated by reference. Except where otherwise indicated herein or as defined in the Plan, the terms in this Disclosure Statement have been used as defined in the Bankruptcy Code. The Plan has been filed in the Bankruptcy Court contemporaneously with this Disclosure Statement.

Debtor provides this Disclosure Statement to all of its known creditors and parties in interest to disclose information to be determined by the Bankruptcy Court as adequate for said creditors and parties in interest to reach a reasonably informed decision in connection with the Plan.

The Disclosure Statement describes the circumstances giving rise to filing this petition, summarizes the anticipated future of the Debtor, provides a liquidation analysis and summarizes the Plan. Great effort has been made to describe material matters fully and completely; however, no warranties can be made. Creditors and Interest Holders are urged to read the Plan carefully and are further urged to consult with their counsel in order to fully understand the Plan. The Plan is a legally binding document and is based on complex legal and financial considerations.

Section 1125 of Chapter 11 of the Bankruptcy Code (11 U.S.C. § 101 *et. seq.*) requires that the Debtor, as a condition precedent to solicitation of acceptance of its Plan of Reorganization,

submit a written Disclosure Statement. The purpose of this document is to set forth sufficient detail to allow each holder of a claim or interest of a particular Class to make an informed judgment about acceptance of the Plan. Prior to soliciting votes of acceptance from Creditors, the Court must have approved the Disclosure Statement.

DISCLAIMER

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY REGARDING FUTURE BUSINESS OPERATIONS OF DEBTOR OR THE VALUE OF DEBTOR'S ASSETS, HAVE BEEN AUTHORIZED BY PROPONENT EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT. YOU SHOULD NOT RELY ON ANY OTHER REPRESENTATIONS OR INDUCEMENTS PROFFERED TO YOU TO SECURE YOUR ACCEPTANCE IN ARRIVING AT YOUR DECISION IN VOTING ON THE PLAN. ANY PERSON MAKING REPRESENTATIONS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR AT HEARD, ARY & DAURO, LLC, 303 WILLIAMS AVENUE, SUITE 921, HUNTSVILLE, ALABAMA 35801.

FOR VARIOUS REASONS, THE RECORDS OF PROPONENT PRIOR TO THE PREPARATION OF THIS PLAN HAVE NOT ALWAYS BEEN COMPLETE. THE ACCURACY OF THE INFORMATION SUBMITTED WITH THIS DISCLOSURE STATEMENT IS DEPENDENT UPON ACCOUNTING PERFORMED BY DEBTOR AND DEBTOR'S ACCOUNTANT. WHILE EVERY EFFORT HAS BEEN MADE TO PROVIDE THE MOST ACCURATE INFORMATION AVAILABLE, PROPONENT IS UNABLE TO WARRANT OR REPRESENT THAT ALL INFORMATION IS WITHOUT INACCURACY. NO KNOWN INACCURACIES ARE INCLUDED. WHILE EVERY EFFORT HAS BEEN MADE TO INSURE THAT THE ASSUMPTIONS ARE VALID, UNDER THE CIRCUMSTANCES, NEITHER DEBTOR, ITS ATTORNEY, NOR ITS ACCOUNTANT UNDERTAKE TO CERTIFY OR WARRANT THE ABSOLUTE ACCURACY OF THE PROJECTIONS.

A LIQUIDATION ANALYSIS HAS BEEN UNDERTAKEN OF SUBSTANTIALLY ALL OF THE DEBTOR'S PROPERTY. THE VALUES PLACED ON DEBTOR'S PROPERTY AND SUMMARIZED HEREIN ARE THE DEBTOR'S BEST ESTIMATE OF THE VALUES OF THE PROPERTY OF DEBTOR AS OF THE TIME OF THE FILING OF THIS DISCLOSURE STATEMENT.

THE VALUES HEREIN MAY DIFFER FROM VALUES PLACED ON THE SAME PROPERTY AT THE TIME OF THE FILING OF THE PETITION FOR RELIEF AND THE SUBSEQUENT SCHEDULES.

EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor attempts to reorganize this business for the benefit of its creditors and its interest holders pursuant to a plan of reorganization. The Debtor's bankruptcy case was commenced on or about February 1, 2018 ("Petition Date") as a voluntary Chapter 11 bankruptcy case.

Section 362 of the Bankruptcy Code provides for an automatic stay of all attempts to collect claims that arose prior to the Petition Date, or otherwise to interfere with the Debtor's property or business.

Confirmation of a Chapter 11 plan of reorganization requires either that all classes of claims and interests (entitled to vote) accept the plan or that the plan be accepted by the holders of at least one impaired class of claims (not held by "insiders" within the meaning of the Bankruptcy Code) to satisfy the requirements of § 1129(b) of the Bankruptcy Code. A plan of reorganization must also be in the best interests of creditors and interest holders, which essentially means that the cash or other property to be distributed to creditors and interest holders may not be less than they would receive if all of the Debtor's assets were liquidated under Chapter 7 of the Bankruptcy Code.

Acceptance by a class requires that more than one-half in number and at least two-thirds in amount of the total allowed claims who vote in that class vote in favor of the plan. So long as one class of non-insider impaired claims or interests accepts a plan, it need not be accepted by all classes. The Bankruptcy Court may confirm a plan pursuant to its "cramdown" powers under § 1129(b) of the Bankruptcy Code, if it does not discriminate unfairly and is fair and equitable with respect to each impaired, dissenting class.

As is more fully described below, most creditors are impaired and a cramdown may be necessary to confirm the Plan over the objection of any dissenting class. The Plan Proponent believes that the Administrative and Priority Classes of Creditors are unimpaired under the Plan. The claims of creditors in classes 2 through 3 are impaired. Section 1119(f) provides that a class that is not impaired under the Plan, and each holder of a claim or interest of such class, is conclusively presumed to have accepted the Plan. Solicitation of acceptances with respect to members of such Classes is not required.

Under Section 1121(e) of the Bankruptcy Code, only the Debtor may file a plan of reorganization before the expiration of 120 days from the date of the order for relief. If a plan has been filed, then the Debtor has 45 days from the filing of the plan to have it confirmed under the time provisions are extended under § 1121(e)(3). The exclusivity provisions of 11 U.S.C § 1121 have not expired in this case.

**PROCEDURE FOR FILING PROOFS OF CLAIMS AND
APPLICATIONS FOR ADMINISTRATIVE EXPENSES**

The Bankruptcy Court established May 7, 2018, as the bar date for filing all Proof of Claims including governmental units. The Plan provides that Claims will be recognized only if evidenced by a timely filed Proof of Claim. A Proof of Claim is deemed “allowed” if it appears in the Debtor’s schedules filed with the Bankruptcy Court and is not listed as disputed, contingent or unliquidated or is not disputed as part of the Plan or objected to by the Debtor pursuant to Rule 3007 of the Federal Bankruptcy Rules or is otherwise allowed by the Bankruptcy Court. The Debtor’s schedules may be reviewed during regular business hours in the Office of the Clerk, United States Bankruptcy Court, Decatur, Alabama or in the office of Heard, Ary & Dauro, LLC, 303 Williams Avenue, Suite 921 Huntsville, AL 35801, (256) 535-0817.

VOTING PROVISIONS

Creditors holding Allowed Claims are entitled to vote to accept or reject Debtor’s Plan. THE COURT WILL FIX A DATE BY WHICH ALL BALLOTS CONCERNING THE PROPOSED PLAN MUST BE FILED WITH THE COURT. ALL BALLOTS MUST BE RECEIVED BY SAID DATE BY THE COURT WITH COPIES TO THE OFFICES OF HEARD, ARY & DAURO, LLC, COUNSEL FOR DEBTOR, at 303 Williams Avenue, Suite 921, Huntsville, Alabama 35801. No ballots received by the Court after that date will be counted in determining whether the Plan should be confirmed. Even though a creditor may not vote or may vote against the Plan, the creditor will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each Class of creditors and/or is confirmed by the Court.

Creditors who fail to vote will not be counted in determining acceptance or rejection of the Plan. Allowance of a Claim or interest for voting purposes does not necessarily mean that the Claim will be allowed or disallowed for purposes of distribution under the terms of the Plan. Any Claim to which an objection has been or will be made will be allowed only for distribution after determination by the Court. Such determination may be made after the Plan is confirmed.

In order for the Plan to be deemed accepted by a Class of creditors holding Unsecured Claims, creditors that hold at least two-thirds (2/3) of the total dollar amount and more than one-half (1/2) of the total number of Allowed Claims of creditors voting on the Plan must accept the Plan. Under certain limited circumstances more fully described in 11 U.S.C. § 1129 (b), the Court may confirm the Plan notwithstanding the rejection thereof by more than one-third (1/3) in amount or one-half (1/2) in number of the creditors voting on the Plan in any given Class. Debtor intends to seek confirmation under 11 U.S.C. § 1129(b) in the event any Class of creditors rejects the Plan

CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

1. Confirmation Hearing. Section 1128(a) of the Bankruptcy Code requires the Court, after notice, to hold a hearing on confirmation of the Plan (“Confirmation Hearing”). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan, regardless of whether it is entitled to vote.

2. Objections to Confirmation. The Court is expected to direct that any objections to the Plan are required to be made in writing in advance of the Confirmation Hearing. The hearing may be adjourned from time to time by the Court without further notice except for an announcement made at the hearing. While the Plan Proponents expect that any hearing to consider objections to the confirmation of the Plan will be held in conjunction with the Confirmation Hearing, there can be no assurance that such will be the case.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY MADE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

3. Requirements for Confirmation of the Plan. At the Confirmation Hearing, the Court will determine whether the requirements of § 1129 of the Bankruptcy Code have been satisfied, in which event the Court will enter an order confirming the Plan. These requirements include:

- (A) Feasibility of the Plan. In order for the Plan to be confirmed, the Court must determine that a further reorganization or subsequent liquidation of the Debtor is not likely to result following confirmation of the Plan. The Debtor believes that the Plan is feasible in that it pays money to satisfy existing Administrative, Priority and Unsecured Creditors.
- (B) Fair and Equitable Requirement. In order for the Plan to be confirmed, the Court must find that no junior Class will receive any distribution unless each senior Class consents or is paid in full or substantial property is contributed. The Plan Proponents believe that the Plan satisfies this requirement in as much as all Creditors will be paid the present value of their Claim.

HISTORY OF THE DEBTOR

Monster Concrete, LLC is a limited liability company which is organized in Indiana. It started doing business in Alabama in 2013. The Debtor is related to Monster Concrete and Excavation which is also in Chapter 11 in this district and division Case No.: 18-80279 by common ownership.

The Debtor is not actively engaged in business, however Debtor previously operated as a concrete installation and finishing company. The sole shareholder of the Debtor is Mr. Steve

Williams. Mr. Williams is also the sole director and officer of the Debtor. He is paid by Monster Concrete and Excavation the sum of \$115,000.00 per year. The Debtor ceased business operation in 2016 upon the formation of Monster Concrete and Excavation, Inc. Much of its assets were transferred and utilized by Monster Concrete and Excavation, Inc.

SUMMARY OF EVENTS LEADING TO BANKRUPTCY AND OTHER PRE-PETITION MATTERS

Initially, it should be noted that Debtor's business is seasonal with the winter months being the slowest period. The Debtor operates on a calendar fiscal year. Much of the Debtor's problems can be traced back to the decline in the construction industry in 2012 and 2013 which carried over to the Debtor's business. During this period of time the Debtor fell behind in its tax payments to the United States – Department of Internal Revenue Service. During 2016 the Debtor spent a significant amount of its net profits to pay Debt owed by Monster Concrete.

The Debtor filed for relief under Chapter 11 of the Bankruptcy Code on February 1, 2018 in an effort to protect its assets and to continue as a going concern. At the point of filing, while the Debtor was facing significant problems with the IRS the Debtor was also facing other claims and debts resulting from the cash flow problems described above. Ultimately, it was a combination of these factors that caused the Debtor to file for relief in order to preserve the "going concern" value of the company. Faced with this unforeseen event, the Debtor filed for relief under Chapter 11 of the Bankruptcy Code on February 1, 2018 in an effort to protect its assets and to continue as a going concern.

DESCRIPTION OF AVAILABLE ASSETS AND "GOING CONCERN" AND "LIQUIDATION VALUES" AND EQUITY

Schedules A and B of the Debtor's bankruptcy schedules identify the Debtor's personal property. Schedule A shows that Debtor does not have an interest in real property. Schedule B identifies Debtor's personal property. These assets are described on Exhibit A, which contains a summary of each asset and its market and liquidation values. The values set forth on Exhibit A are based upon the Debtor's best judgment as well as several objective measures of value where available. Exhibit A indicates the theoretical equity in these properties were the Debtor to liquidate under Chapter 7 of the Bankruptcy Code. Liquidation values are again based upon the Debtor's best judgment.

ESTIMATES OF ADMINISTRATIVE EXPENSES AND CLAIMS ANALYSIS

Because this case has been administratively consolidated with Monster Concrete and Excavation, Inc. the Debtor does not have any administrative claims.

Attached hereto is Exhibit B which is an analysis of: 1) the list of claims or claims register compiled by the Bankruptcy Court; and 2) the schedules showing unfiled claims. This exhibit also indicates whether a claim is allowed or disputed. Exhibit B shall control and take precedence over any variance between Exhibit B and the schedules as to whether a claim is allowed or disputed. The analysis found on Exhibit B is incorporated herein by reference.

SUMMARY OF FINANCIAL CONDITION AND FEASIBILITY

As noted herein, the Debtor's plan is to consolidate its case with that of Monster Concrete and Excavation, Inc. Therefore, all financial projections are contained in that case and are incorporated by reference.

SUMMARY OF PLAN AND TREATMENT OF CLASSES UNDER THE PLAN

The Plan will be summarized by incorporation of Article III: Treatment of Classes under the Plan, Article IV: Property of the Estate and Means of Execution of the Plan, and Article V: General Provisions of the Plan. Other provisions of the Plan are extremely important, especially Article I: Definitions. The Plan should be read in full.

- 1.0 Secured Claims:** The treatment of secured creditors of Monster Concrete and Excavation, Inc. is incorporated by reference.
- 3.0 Equity Interest Holder:** This Class consists of the equity shareholders of the debtor which consists of Steve Williams, who owns One hundred percent (100%) of the issued and outstanding stock.

TREATMENT OF UCLASSIFIED ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

Administrative Expense Claims: All Administrative Claims are paid through the Chapter 11 case of Monster Concrete and Excavation, Inc.

Priority claims: Will be addressed in the Monster Concrete and Excavation, Inc. case.

THE CHAPTER 11 FILING AND POST-PETITION EVENTS

On February 1, 2018, the Debtor filed a voluntary petition, List of Creditors Holding 20 Largest Unsecured Claims and Corporate Ownership Statement, and Matrix under Chapter 11. The Debtor filed amended schedules, Statement of Financial Affairs, and an updated Matrix. The Court scheduled May 7, 2018 as the bar date for all claimants to file proofs of claim, including governmental units and/or agencies.

Post petition the Debtor's case has been jointly administered with the case of Monster Concrete, LLC pursuant to the Court's order dated February 22, 2018 [Doc. 36]. The Debtor has also negotiated adequate protection agreements with Catapillar Finance and with Bravo Capital. Pursuant to these agreements, the Debtor was able to retain the use of equipment that it uses in its business operations thereby increasing the likelihood of successfully being able to reorganize its debts.

ANALYSIS OF TRANSFERS WHICH MAY BE AVOIDABLE

Debtor's Statement of Financial Affairs, which has been previously filed with this Court shows no creditors to whom payments, greater than \$6,225.00 were made within ninety (90) days prior to filing bankruptcy.

EXECUTORY CONTRACTS AND LEASES

Debtor is not aware of any additional executory contracts or unexpired leases to which it is a party. To the extent such exists it is to be rejected upon confirmation. All parties to any executory contract or lease rejected shall have thirty (30) days from the Confirmation Date in which to file a claim for damages, if any, resulting from such rejection or such claims will be disallowed and will not be eligible to participate in distributions under this Plan.

MEANS OF EXECUTION OF PLAN

As part of the implementation of its Plan, the Debtor intends on substantively consolidating upon confirmation of this Plan. Substantive consolidation involves the pooling of the assets and liabilities of two or more related entities; the liabilities of the entities involved are then satisfied from the common pool of assets created by consolidation. *Eastgroup Properties v. S. Motel Ass'n, Ltd.*, 935 F.2d 245, 248 (11th Cir. 1991). Substantive Consolidation is appropriate where benefits of consolidation outweigh the harm it inflicts on objecting parties, if any.

In this case there are good reasons to combine these companies. All business currently being done by the two companies, is being done through the Debtor. Much of the Debtor's income is generated utilizing assets belonging to Monster Concrete and the two companies share many of the same creditors. There would also be cost savings by avoiding duplication by consolidation and consolidation will recognize that which has been intended; that the two companies really are just

one.

The Debtor, by continuing to operate its business, has increased the likelihood of the success of the Plan. Debtor will implement the terms of the Plan by making payments to creditors from Debtor's post-petition income. By restructuring its debt the Debtor has increased the likelihood of the success of the Plan. The Debtor's operating statements filed with this Court support the Debtor's ability to make the plan payments and therefore the plan is feasible. Debtor shall also execute such additional documents as are necessary to comply with the terms of the Plan

RETENTION, ENFORCEMENT, AND WAIVER OF CLAIMS

Pursuant to § 1123(b) of the Code, the Debtor shall retain and may enforce any and all claims of the Debtor, except claims waived, relinquished, or released in accordance with this plan.

Notwithstanding the prior paragraph, no party in interest except the Debtor shall maintain or commence an action to recover a preference as defined in § 547(b) of the Code after Confirmation

FEDERAL INCOME TAX CONSEQUENCES

The tax consequences of the Plan to each party-in-interest will depend on the precise financial circumstances of that party. The Debtor makes no representation with respect to the effects of the taxation (State or Federal) on the creditors with respect to the treatment of their claims under the plan, and no such representations are authorized. Any tax information contained herein is for informational purposes only. Parties-in-interest are urged to seek the advice of their own professional advisors should they have any questions with respect to any taxation issues.

The precise tax consequences to the Debtor resulting from its having filed Chapter 11 are not yet known. This may include, for example, income from discharge of indebtedness. The treatment by the Debtor of all allowed pre-petition tax claims shall be as provided for in Class Two, described herein. All taxes generated post-petition shall be paid by the reorganized Debtor as part of its ordinary course of business. As previously noted, the Debtor is current on all post-petition tax payments.

POST CONFIRMATION LITIGATION AND OTHER MATTERS

Debtor does not anticipate being involved in any post confirmation litigation matters.

Respectfully submitted on this 6th day of June, 2018.

By: /s/ Steve Williams
Monster Concrete, LLC

/s/ Kevin D. Heard
Kevin D. Heard
Attorney for Debtor

HEARD, ARY & DAURO, LLC
303 Williams Avenue SW
Park Plaza Suite 921
Huntsville, Alabama 35801
Phone: (256) 535-0817
Fax: (256) 535-0818
kheard@heardlaw.com

CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of June, 2018, I served a copy of the foregoing **Debtor's Disclosure Statement Dated June 6, 2018**, on the parties listed below and on the attached matrix by depositing the same in the United States Mail, postage prepaid and properly addressed, via electronic mail at the e-mail address below, unless the party being served is a registered participant in the CM/ECF System for the United States Bankruptcy Court for the Northern District of Alabama, service has been made by a "Notice of Electronic Filing" pursuant to FRBP 9036 in accordance with subparagraph II.B.4. of the Court's Administrative Procedures as indicated below:

Notice will be electronically mailed to:

Richard Blythe
Richard_Blythe@alnb.uscourts.gov; courtmailann@alnb.uscourts.gov

Richard E. O'Neal on behalf of United States of America Department of Treasury - Internal Revenue Service USAALN.BANKRUPTCY@usdoj.gov

Matthew M Cahill
mcahill@bakerdonelson.com, mmurrell@bakerdonelson.com

Derek F Meek
dmeek@burr.com, mgunnells@burr.com

Notice will not be electronically mailed to:

All parties on the attached matrix were served via U.S. Mail.

/s/ Kevin D. Heard

Kevin D. Heard