

**IN THE UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF ARKANSAS
PINE BLUFF DIVISION**

**IN RE: TALBOT ENTERPRISES OF PINE BLUFF, INC.
Debtor-in-Possession.**

**Case No. 5:15-bk-11195
Chapter 11**

**DEBTOR'S DISCLOSURE STATEMENT COMBINED WITH
PLAN OF REORGANIZATION DATED OCTOBER 7, 2016**

DISCLOSURE STATEMENT

I. INTRODUCTION

Talbot Enterprises of Pine Bluff, Inc., Debtor-In-Possession (“**Debtor**”), provides this introduction as part of its Plan sent to its known creditors pursuant to 11 U.S.C. §1125(f) of the United States Bankruptcy Code and Fed. R. Bankr. P. 3017.1.

A. Purpose of this Document

The purpose of this Disclosure Statement is to provide information and material facts to enable creditors and other parties-in-interest to make reasonably informed decisions in voting on the Plan of Reorganization filed by Debtor. This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- 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);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court will consider when deciding whether to confirm the Plan;
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation; and
- The effect of confirmation of the Plan.

Further, the Debtor incorporates by reference its Petition, Schedules, Statement of Affairs and Operating Reports. Debtor’s Disclosure Statement and Plan is filed with the Clerk of the Bankruptcy Court, Eastern District of Arkansas and is authorized under 11 U.S.C. §1125(f) and Fed. R. Bankr. P. 3017.1. By way of explanation, 11 U.S.C §1125 is, in part, quoted as follows:

1. “Adequate information” means information of a kind and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of Debtor’s books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interest of the relevant class to make an informed judgment about the Plan.

2. Whether a Disclosure Statement contains adequate information is not governed by any otherwise applicable non-bankruptcy law, rule, or regulation, but an agency or official whose duty is to administer or enforce such a law, rule or regulation may be heard on the issue of whether a Disclosure Statement contains adequate information. Such an agency or official may not appeal from an order approving a Disclosure Statement.
3. A person that solicits acceptance or rejection of a plan in good faith in compliance with the applicable provisions of this title, or that participates in good faith and in compliance with the applicable provision of this title, in the offer, issuance, sale, or purchase of security, offered or sold under the Plan of the Debtor, or an affiliate participating in a joint Plan with the Debtor or of newly organized successor to the Debtor under the Plan, is not liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing solicitation of acceptance or rejection of a plan or the offer, issuance, sale or purchase of securities.

If you are an impaired Creditor, your acceptance of the Plan is important. In order for a plan to be confirmed, impaired creditors who hold at least two-thirds in amount and more than one-half in number of allowed claims for the classes which are deemed impaired must vote in favor of the Plan. In the event that requisite acceptances are not obtained from impaired classes, the Bankruptcy Court may nevertheless confirm the Plan if it finds the Plan accords fair and equitable treatment to the classes rejecting it.

Regardless of whether a creditor votes on the Plan, all persons in a class will be bound by the terms and conditions set forth in the Plan for that class if the Plan is accepted by creditors who hold at least two-thirds in amount and more than one-half in number of the allowed claims of the classes which are deemed impaired in the Plan. The requisite numbers are computed on the basis of those creditors casting ballots. Accordingly, unless a creditor votes, such creditor will not be included in the tally. Allowance of a claim for voting purposes or disallowance of any claim will be allowed or disallowed for distribution purposes.

B. Important Deadlines and Dates

The Court has not yet confirmed Debtor's Plan. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan.

The hearing at which the Court will determine whether to confirm the Plan will take place on **a date to be announced by subsequent notice.**

2. Deadline for Voting to Accept or Reject the Plan.

If you are entitled to vote to accept or reject the Plan (see below), vote on the enclosed ballot and return the ballot in the enclosed envelope to **J. Brad Moore, Attorney for Debtor, 200 North State Street, Suite 200, Little Rock, AR 72201 on or before a date to be announced by subsequent notice.**

3. *Deadline for Objecting to Confirmation of the Plan.*

Objections to confirmation of the Plan must be filed with the Court and served upon **J. Brad Moore, Attorney for Debtor, 200 North State Street, Suite 200, Little Rock, AR 72201** on or before a date to be announced by subsequent notice.

4. *Identity of the Person to Contact for More Information.*

Additional information regarding this Disclosure Statement and/or the Plan may be requested by contacting **J. Brad Moore, Attorney for Debtor, 200 North State Street, Suite 200, Little Rock, AR 72201**.

C. Disclaimer

NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, LIABILITIES AND NET WORTH, OR PROSPECTS FOR FUTURE BUSINESS OPERATIONS OR VALUE OF ITS PROPERTY IS AUTHORIZED BY DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND PLAN. REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND PLAN SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT BY DEBTOR'S CERTIFIED PUBLIC ACCOUNTANT. HOWEVER, A REVIEW OF THE BOOKS, RECORDS, AND ACCOUNTS OF THE DEBTOR MAINTAINED AND PREPARED PRE-PETITION AND POST-PETITION HAS BEEN MADE BY DEBTOR, AS WELL AS A REVIEW OF ALL CLAIMS FILED AGAINST IT POST-PETITION. DEBTOR IS UNABLE TO WARRANT OR TO REPRESENT UNQUALIFIEDLY AND ABSOLUTELY THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT AN INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

II. HISTORY AND BACKGROUND OF THE DEBTOR

The Debtor was formed and incorporated on December 1, 1988 by owners Beau Talbot, IV (51%) and Elizabeth Townsend f/k/a Elizabeth Talbot (49%). Prior to the date Debtor filed bankruptcy, and during bankruptcy, the officers, directors, managers, or other persons in control of the Debtor was, and has been, Beau Talbot, IV. Pursuant to a Decree of Divorce and accompanying Property Settlement Agreement entered by the Pulaski County Circuit Court on February 11, 2016, Beau Talbot IV became the one hundred percent (100%) owner of the Debtor. After the effective date of the Order confirming the Plan, the directors, officers, and voting trustees of the Debtor will be Beau Talbot, IV.

The Debtor owns and operates a facility with 144 mini storage units, a 5-unit mini mall facility, and a 5,471 sq. ft. commercial building in White Hall, Arkansas. The 144 mini storage units are at approximately 99.00% occupancy, with 143 currently rented. The 5-unit mini mall

facility is currently at 100% occupancy, and the 5,471 sq. ft. commercial building is leased to White Hall Motorsports, LLC.

Debtor began its operations in the construction industry by building residential and commercial rental properties. The Debtor continued in this industry for ten (10) years during which it enjoyed steady and profitable business growth, and constructed and sold over 135,000 sq. ft. of new home and commercial rental properties in Southeast Arkansas.

During this time of prosperity, Debtor acquired the mini storage facility with 144 mini storage units situated on approximately five (5) acres from Pine Bluff National Bank in September 2006. Shortly thereafter, in 2008, the real estate market collapsed, and Debtor's cash flow was drastically reduced. The Debtor began seeking additional business opportunities in an effort to increase cash flow.

In the summer of 2010, the Debtor learned of a Honda franchise in Pine Bluff, Milam's Honda, which had been closed due to the nonpayment of state taxes. Debtor contracted with Milam's, Inc. to purchase the Honda franchise, and also contracted with Milam's, Inc. to purchase a Kawasaki franchise. During negotiations for the purchase of the Honda franchise, Debtor was informed by Honda that the Honda franchise would be terminated if it was not reopened within 24 hours.

In a rush to keep the Honda franchise from being terminated, Debtor entered into an agreement with Milam's, Inc., the owner of the Honda franchise at that time, to reopen the Honda franchise under Debtor's management. Debtor soon discovered that the operations were in poor condition and needed to be resurrected. In order to save the business, Debtor was forced to invest a significant amount of money, over \$200,000.00, in parts, supplies and new units.

Due to the unexpected influx of cash into the operations of the Honda franchise, the Debtor experienced a negative cash flow for the year of approximately \$250,000.00. As a result, Kawasaki rejected Debtor's attempt to purchase the Kawasaki franchise.

At this point, Debtor was in serious need of additional capital to keep the doors open at the Honda franchise. Debtor reached out to several investors, and was able to obtain the money necessary to keep the operations running. However, the investor required the Honda franchise to be in a separate entity prior to the investment being made.

White Hall Motorsports, LLC ("**WHM**") was created in June 2011 for the purpose of taking over the Honda franchise pursuant to the demands of the investor. Beau Talbot, IV is part owner and an officer of WHM, and WHM is considered to be an insider of the Debtor under the Bankruptcy Code. Upon obtaining approval from Honda, the Honda franchise was subsequently transferred to WHM, and has remained with WHM ever since. WHM currently operates the Honda franchise in the 5,471 sq. ft. commercial building owned by the Debtor.

The fallout from the purchase of the Kawasaki franchise led to Milam's, Inc. filing a lawsuit against the Debtor and Mr. Talbot for breach of contract on May 6, 2011. A judgment was subsequently entered against the Debtor, and in favor of Milam's, Inc., on September 18, 2014 in

the amount of \$173,482.75. Milam's, Inc. began aggressive collection efforts against the Debtor. In an effort to save its business, the Debtor filed this bankruptcy.

The Debtor believes that it can continue to operate through the reduction of its unsecured debts, and an increase in revenue. Since filing bankruptcy, Debtor has filed operating reports as required by the United States Trustee ("UST").

At this time, the Debtor has not yet completed its investigation with regard to prepetition transactions. If you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Bankruptcy Code, the Debtor may seek to avoid such transfer.

The following liquidation analysis was used in the preparation of the plan:

Assets		
Real Estate	\$1,200,000.00	
Trailer	\$450.00	
Furniture, Fixtures & Equipment	<u>\$1,000.00</u>	
Total Assets		\$1,201,450.00
Less: Secured Claims		<u>(\$954,405.16)</u>
Total Assets Available for Distribution		\$247,044.84
Less:		
Liquidation Discount (20%)		(\$240,290.00)
Auctioneer Commission and Expenses (10%)		(\$96,116.00)
Sale Expenses		<u>(\$1,000.00)</u>
Net Liquidated Assets Available for Distribution		(\$90,361.16)

(A) **Financial Condition**

The Debtor's Monthly Operating Reports from March 2015 through May 2016 are filed with the Court and are available to all parties-in-interest. As of September 29, 2016, the Debtor's total assets were \$1,201,450.00.

(B) **Debtor's Operations Since Filing**

The Debtor's income and expenses since filing are shown in the Monthly Operating Reports. The Debtor is current on its regular monthly payments.

The Debtor, post-petition, has been able to pay all of its post-petition trade accounts, taxes, payroll, and administrative expenses. Post-petition expenses have been reduced by staff reduction and cost cutting.

Monthly Operating Reports as required by the Bankruptcy Court and UST's office have been timely filed and a copy of any Operating Report will be furnished upon request.

(C) Projected Operations

Since the Petition Date, the Debtor's gross revenue has declined. This decline is due, in part, to the increase in vacancy rates for the storage units. However, the vacancy rates have declined, and appear to be stable. Further, the Debtor has initiated cost-cutting measures including reduction of staffing. The Debtor should remain profitable with sufficient cash flow to satisfy the plan. Despite the decrease in gross revenue since the Petition Date, Debtor has managed to net a total profit of \$9,945.10 while in bankruptcy, and an average profit of \$663.01 per month.

The Debtor estimates that the unsecured post-petition debt is zero. In this plan, the Debtor will provide that all claims objections, if any, will be filed within (90) days of the Effective Date. Final resolution times are not known, but estimated to be no more than one (1) year after an objection is filed.

(D) Summary of Debt

The Debtor has the following pre-petition liabilities according to the claims filed in this case:

Priority Debt:	\$-0-
Secured Claims:	\$954,405.16
Unsecured Claims:	\$767,305.24
Total Claims:	\$1,721,710.40

(E) Summary of Operations

The following is a summary of Debtor's Operating Reports:

<u>Month</u>	<u>Income</u>	<u>Expenses</u>	<u>Cash Profit/(Loss)</u>
March 2015	\$11,400.00	\$12,617.26	(\$1,217.26)
April 2015	\$4,137.00	\$7,608.12	(\$3,471.12)
May 2015	\$7,944.93	\$2,278.37	\$5,666.56
June 2015	\$10,849.55	\$6,341.18	\$4,508.37
July 2015	\$5,500.69	\$6,604.54	(\$1,103.85)
August 2015	\$7,293.04	\$6,6067.11	\$1,225.93
September 2015	\$8,757.69	\$7,875.98	\$881.71
October 2015	\$5,218.00	\$7,481.12	(\$2,263.12)
November 2015	\$6,327.94	\$1,840.67	\$4,487.27
December 2015	\$6,137.37	\$7,428.32	(\$1,290.95)
January 2016	\$6,336.38	\$6,254.55	\$81.83
February 2016	\$8,717.12	\$7,854.24	\$862.88
March 2016	\$4,832.64	\$1,078.92	\$3,753.72
April 2016	\$7,626.79	\$7,904.15	(\$277.36)
May 2016	\$5,899.68	\$7,799.19	(\$1,899.51)

III. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in 11 U.S.C. §§ 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 not the only requirements listed in 11 U.S.C. § 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.

In this case, the Plan proponent believes that classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes II, III and IV are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject 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 was March 10, 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 11 U.S.C. § 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 11 U.S.C. §§ 507(a)(2), (a)(3), and (a)(8);
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan; and
- 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*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is 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 cramdown on non-accepting classes, as discussed later in Section B.2.

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 Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by 11 U.S.C. § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of 11 U.S.C. § 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 cramdown 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. A liquidation analysis is included in this Disclosure Statement Section 2 above.

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.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. This information can be found in the Debtor's Monthly Operating Reports that have been filed in this case.

2. *Ability to Make Future Plan Payments And Operate Without Further Reorganization*

The Plan proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. Based on the Debtor's Monthly Operating Reports, the Plan proponent believes the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, sufficient to complete the Plan.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

IV. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the Effective Date, to the extent specified in 11 U.S.C. § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in 11 U.S.C. § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in 11 U.S.C. § 1141(d)(6)(B). After the Effective Date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

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 revoting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

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.

PLAN OF REORGANIZATION

ARTICLE I SUMMARY

This Plan under chapter 11 of the Bankruptcy Code Bankruptcy Code proposes to pay creditors of the Debtor from the cash flow from its operations.

This Plan provides for two (2) Classes of Secured Claims; one (1) Class of Unsecured Claims; and one (1) Class of equity security holders. Unsecured creditors holding Allowed Claims will receive distributions, which the proponent of this Plan has valued at approximately cents on the dollar. This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II DEFINITIONS

For the purposes of this Plan of Reorganization, the definitions and rules of construction set forth in 11 U.S.C. §§ 101 and 102 shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

"Administrative Claim" means a claim for payment of any administrative expense of a kind specified in §503(b) of the Bankruptcy Code and entitled to priority under §507(a)(1) of the Bankruptcy Code. Administrative claims include, but are not limited to, (a) any actual and necessary expense of preserving the Debtor's estate, (b) all allowances of compensation or reimbursement of expenses to the extent allowed by the Court pursuant to §§327 and 330 of the Bankruptcy Code, and (c) any fees or charges assessed against the Debtor's estate pursuant to 28 U.S.C. § 123.

"Allowed Claim" or **"Allowed Interest"** shall mean a Claim against or interest in Debtor's estate: (a) a Claim that is not listed as contingent, unliquidated or disputed on the schedules of Debtor; or (b) to the extent that a proof of claim or interest is timely filed as to which no party in interest, including the Debtor, files an objection; or (c) which is allowed by a Final Order.

"Allowed Secured Claim" or **"Secured Claim"** shall mean an Allowed Claim for which the Claimant asserts and is determined by a Final Order to hold a valid perfected and enforceable lien, security interest or other interest or encumbrance in property in which the Debtor has an interest not subject to set off or subordination under the Bankruptcy Code or applicable non-bankruptcy law, or an Allowed Claim for which a Claimant asserts a setoff under §553 of the Bankruptcy Code and such Claim is allowed by Final Order, but in any event only to the extent of

the value determined in accordance with §506(a) of the Bankruptcy Code, or the Claimant's interest in the Debtor's interest in the property or to the extent of the amount subject to such setoff as the case may be.

"**Assets**" shall mean all of the property of Debtor.

"**Bankruptcy Code**" or "**Code**" shall mean the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, as amended, principally codified in 11 U.S.C. §101, et seq.

"**Bankruptcy Court**" or "**Court**" shall mean the United States Bankruptcy Court for the Eastern District of Arkansas, Pine Bluff Division, having jurisdiction over this proceeding, or in the event such Court ceases to exercise jurisdiction over this proceeding or with respect to any particular proceeding within or related to this case, such other court or adjunct thereof which exercises jurisdiction over this proceeding.

"**Bar Date**" shall mean the date set by the Court as the last day for filing proofs of claim against the Debtor.

"**Chapter 11**" shall mean Chapter 11 of the Bankruptcy Code.

"**Claim**" shall have the same meaning as set forth in §101(5) of the Bankruptcy Code.

"**Claimant**" shall mean the holder of a Claim.

"**Class**" shall mean a group of Claims or interests which are substantially similar to each other, as classified pursuant to the Plan.

"**Confirmation Date**" shall mean the date of the entry of the Confirmation Order.

"**Confirmation Order**" shall mean the Final Order of the Bankruptcy Court confirming the Plan.

"**Creditors**" shall have the same meaning as set forth in §101(10) of the Bankruptcy Code.

"**Date of Filing**" shall mean the date on which Debtor filed a petition for reorganization, being March 13, 2015.

"**Debtor**" shall mean Talbot Enterprises of Pine Bluff, Inc.

"**Disclosure Statement**" shall mean the Disclosure Statement prepared in connection with the Debtor's Plan of Reorganization, pursuant to §1125(f) of the Bankruptcy Code, as the same may be modified or amended from time to time, including all exhibits and attachments thereto.

"**Disputed Claim**" shall mean any Claim designated as disputed, contingent or unliquidated in Debtor's Schedules, or any Claim as to which an objection to the allowance thereof has been filed on or before the deadline for objecting to a Claim, and which objection has not been

withdrawn or resolved by entry of a Final Order; provided, however, that the Court may estimate a Disputed Claim for purposes of allowance and distribution pursuant to §502(c) of the Bankruptcy Code.

"**Effective Date**" shall mean the date upon which the Confirmation Order becomes a Final Order.

"**Final Order**" shall mean an order of the Court that has not been reversed, modified, amended or stayed, and as to which the time for appeal has expired.

"**Net Revenue**" shall mean the amount by which the Debtor's income exceeds the Debtor's expenses.

"**Plan**" or "**Plan of Reorganization**" shall mean the Debtor's Plan of Reorganization and any and all modifications and/or amendments thereto.

"**Priority Claim**" shall mean a claim entitled to priority under §507 of the Bankruptcy Code other than an Administrative Claim.

"**Proponent**" shall mean the proponent of this Plan, which is the Debtor.

"**Pro Rata**" shall mean the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of all Allowed Claims in such Class.

"**Scheduled Claims**" shall mean those claims listed in the schedules of Debtor.

"**Schedules**" shall mean the Schedules of Assets and Liabilities and any amendments thereto filed by the Debtor in accordance with §521(1) of the Bankruptcy Code.

"**Unsecured Claim**" or "**General Unsecured Claim**" shall mean a Claim that is not a Secured Claim and which is not an Administrative Claim, Priority Claim or Priority Tax Claim.

ARTICLE III CLASSIFICATION OF CLAIMS

All Claims or interests are placed in a particular Class as set forth below. A Claim or interest is placed in a Class only to the extent that the Claim or interest falls within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or interest falls within the description of such other Class or Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Class I (Priority Claims): These Claims include administrative fees and expenses entitled to priority under 11 U.S.C §507(a)(1). These Claims are subject to Court approval but shall be paid by the Debtor upon approval of the Plan, post-petition.

Class II (Riverside Bank): This Claim consists of the Secured Claim of Riverside Bank in the amount of \$268,779.19 as of the Filing Date. This Claim amount may change upon the mutual agreement of the parties and in accordance with the terms of the original loan documents, as modified.

Class III (Arkansas County Bank): This Claim consists of the Secured Claim of Arkansas County Bank in the amount of \$685,625.97 as of the Filing Date. This Claim amount may change upon the mutual agreement of the parties and in accordance with the terms of the original loan documents, as modified.

Class IV (Unsecured Claims): These Claims consist of all Unsecured Claims, the cumulative amount of which is \$767,305.24 as of the Filing Date according to the Claims filed in the Debtor's bankruptcy case.

Class V (Equity Security Holders): This class consists of the shareholders of Debtor, *to wit*, Beau Talbot, who owns 100% of the common stock of the Debtor.

**ARTICLE IV
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS**

4.1 Unclassified Claims. Under 11 U.S.C. §1123(a)(1), administrative expense claims and priority tax claims are not in classes.

4.2 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the Effective Date of this Plan in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

4.3 Priority Tax Claims. Each holder of a priority tax claim will be paid in full as they become due.

With respect to the repayment of the Claim of the Internal Revenue Service, the following terms shall apply:

4.3.1 If the Debtor fails to make any payment required by the confirmed Plan of Reorganization, make any deposits of any currently accruing employment tax liability, make any payment of any tax to the Internal Revenue Service within ten (10) days of the due date of such deposit or payment, or fails to file any required federal tax return by the due date of such return and pay any outstanding tax liability shown on the return at the time the return is filed, then the United States may declare that the Debtor is in default of the Plan. Failure to declare a default does not constitute a waiver by the United States of the right to declare that the Debtor is in default.

4.3.2 If the United States declares the Debtor to be in default of the Debtor's obligations under the Plan, then the entire imposed liability, together with any unpaid

current liabilities, shall become due and payable immediately upon written demand to the Debtor.

4.3.3 If full payment is not made within ten (10) days of such demand, then the Internal Revenue Service may collect any unpaid liabilities through the administrative collection provisions of the Internal Revenue Code.

4.3.4 In the event the Debtor filed for protection under Title 11, the unsecured priority tax claims of the Internal Revenue Service shall retain their status as unsecured priority tax claims in the subsequent bankruptcy case.

4.3.5 The discharge of any debt owed to the Internal Revenue Service under this Plan shall not be effective until the federal taxes provided for under this Plan have been paid in full.

With respect to the repayment of the Claim of the Arkansas Department of Finance and Administration (“**ADFA**”), the following terms shall apply:

4.3.6 The reorganized Debtor shall submit all Plan payments and post-confirmation reports and payments to ADFA at Bankruptcy Section, P.O. Box 1272, Little Rock Arkansas 72203.

4.3.7 Notwithstanding any provision in the confirmed Plan to the contrary or any amendment thereto, nothing shall impair ADFA’s rights to setoff and recoupment as to the reorganized Debtor.

4.3.8 Notwithstanding any provision of the confirmed Plan, or any amendment thereto, the failure of the Debtor to submit full and timely Plan payments and/or full and timely post-confirmation tax reports and payments due ADFA, in care of its Bankruptcy Section, shall be an event of default.

4.3.9 Any such default, if not cured within ten (10) days from the due date for the Plan payment or current tax report and payment, shall cause the full, unpaid balance of Plan payments and/or all delinquent post-confirmation tax, penalty or interest payments to become due and payable. Then ADFA shall be entitled to exercise any and all remedies available to it under state and federal law with no further notice or hearing to the Debtor or the Court.

4.3.10 The discharge of any debt owed ADFA under this Plan, or any amendment thereto, shall not be effective until the state taxes provided under this Plan have been paid in full.

4.4 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date, or as otherwise agreed to by the Debtor and the U.S. Trustee.

**ARTICLE V
TREATMENT OF CLASSES (NOT IMPAIRED)**

5.1. Class I Claims (Priority Claims): Class I Claims shall be paid in full in the ordinary course of business.

5.2. Class V Claims (Equity Security Holders): Class V Claims shall retain their equity interests in the Debtor.

**ARTICLE VI
TREATMENT OF CLASSES (IMPAIRED)**

Creditors in Classes II, III and IV are impaired. In full and final satisfaction and discharge of their Claims, Creditors of these Classes will receive payments described below. The payments will be made in the order of the priorities listed.

Further, all debt instruments in existence between the Debtor and its Creditors shall remain in force except as modified by the Debtor's Plan.

6.1. Class II Claims (Riverside Bank): Class II Claims shall be paid in full, but the interest rate will be reduced from 8.25% per annum to 6.50% per annum. Further, the loan shall be paid in equal monthly installments of \$2,500.00 per month until paid in full.

6.2. Class III Claims (Arkansas County Bank): Class III Claims shall be paid in full, but the interest rate will be reduced from 7.00% per annum to 5.00% per annum. Further, the loan shall be paid in equal monthly installments of \$3,000.00 per month until paid in full.

6.3. Class IV Claims (Unsecured Claims): All Allowed Claims in this Class will be paid pro rata from the operating profits of the Debtor at the end of each calendar year, beginning in 2016. Debtor proposes to dedicate the greater of \$6,000.00 per year, or ten percent (10.00%) of Debtor's annual Net Revenue for this purpose. This Class will receive payments from the Debtor for a period of seven (7) years from the Effective Date. Such payments will be pro rata to their Allowed Claim.

**ARTICLE VII
ALLOWANCE AND DISALLOWANCE OF CLAIMS**

7.1 Delay of Distribution on Disputed Claims. No distribution will be made on account of a Disputed Claim unless such Disputed Claim is allowed by a Final Order.

7.2 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a Disputed Claim with Court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

**ARTICLE VIII
MEANS FOR EXECUTION OF
THE PLAN AND STOCK REDEMPTION**

The Debtor may prepay all or any part of any Allowed Claim at any time without a penalty. The Debtor intends to continue its business. Further, it will continue to operate with a reduced staff and cut costs as necessary. The current management of the corporation, as is presently being operated, will remain intact. The proposed payments under this Plan will be made with the cash flow from Debtor's operations.

Beau Talbot IV has not received a salary or distribution from the Debtor. Beau Talbot, IV may only receive a commission in the event the Debtor's Net Revenue exceeds \$5,000.00 for any given month. If the Debtor's Net Revenue exceeds \$5,000.00 for any given month, Beau Talbot, IV may receive a commission equal to twenty-five percent (25%) of the Net Revenue for that month.

**ARTICLE IX
PROVISIONS FOR REJECTION
OF EXECUTORY CONTRACTS**

Except as set forth herein, the Debtor reserves the right to apply to the Bankruptcy Court at any time to reject any executory contracts or leases provided in 11 U.S.C. §365.

The Debtor Assumes the Following Leases:

All storage units as set forth in the attached Schedule A
All office spaces as set forth in the attached Schedule B
The lease with White Hall Motorsports, LLC

**ARTICLE X
USE OF 11 U.S.C. §1129(b)**

Debtor requests confirmation of the Plan under 11 U.S.C. §1129(b).

**ARTICLE XI
RETENTION OF JURISDICTION
AND GENERAL PROVISIONS**

11.1. Under the Effective Date, and until this case is closed, this Court shall retain jurisdiction of the proceedings for the purposes set forth in 11 U.S.C. §1127(b) and to:

11.1.1. Determine the allowance or disallowance of Claims and interests and to enforce all causes of action which may exist on behalf of the Debtor;

11.1.2. Fix the allowance of compensation and other administrative expenses;

11.1.3. Ensure that the purpose and intent of this Plan is carried out; and

11.1.4. For such other matters as may be proper, including claims litigation.

11.2. Unless otherwise listed or scheduled by the Debtor, any Creditor or interest holder of the Debtor having alleged Claims or interest shall not be treated as a Creditor or interest holder with respect to such Claim for the purposes of voting or distribution, unless filed on or before the Bar Date, and no objection to the Claim is filed by any party-in-interest.

11.3. Debtor will investigate and, to the extent deemed appropriate, bring actions to recover monies or property from persons and entities who may have received voidable, preferential transfer of Debtor's money or property under 11 U.S.C. §547 and fraudulent transfers of Debtor's money or property voidable and recoverable under 11 U.S.C. §547 and, to the extent applicable, post-petition transfers of Debtor's money or property under 11 U.S.C. §549. Any net amounts recovered after payment of attorney's fees and expenses will be used to pay allowed claims of Creditors under this Plan.

11.4. This Plan may be modified in accordance with the provisions of the Code and applicable rules.

11.5. When the order confirming the Plan becomes a Final Order, Claims and interests of Creditors and liens and encumbrances, except those liens, claims and encumbrances set forth in the Plan, will be released and extinguished.

11.6. The reorganized Debtor shall be responsible for timely payments of fees incurred pursuant to 28 U.S.C. §1930(a)(6). After confirmation, the reorganized Debtor shall file with the Court, and serve on the U.S. Trustee, a monthly financial report for each month the case remains open in a format prescribed by the U.S. Trustee and provided to the Debtor by the U.S. Trustee.

ARTICLE XII MISCELLANEOUS PROVISIONS

12.1. Headings. The headings in the Plan, including the headings of exhibits, are for convenience of reference and shall not limit or otherwise affect the meanings hereof.

12.2. Sections and Article References. Unless otherwise specified, all references in this Plan to sections and articles are to be sections and articles of this Plan.

12.3. Existing Debt Instruments. All terms, provisions and conditions in this instrument, documents and other agreements evidencing Debtor's indebtedness to Creditors shall remain in full force and effect as modified by the Plan.

12.4. Reservations of Rights. Neither the filing of this Plan, or any statement or provision contained herein, nor the taking by any Creditor of any action with respect to this Plan shall (a) be or be deemed to be an admission against interest and (b) until the Confirmation Date, be or be deemed to be a waiver of rights that any Creditor might have against Debtor or any of their

properties or any other Creditor of Debtor and until the Confirmation Date all such rights are specially reserved. In the event the confirmation of the Plan does not occur or should be reversed on appeal or otherwise, neither this Plan nor any statement contained herein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without the reorganization case involving Debtor.

12.5. Prompt Payment of Taxes and Lease Obligations. This Plan envisions the prompt payment and remittance of taxes, payroll, real, personal, income or otherwise.

12.6. Cramdown. In the event that any impaired class of Claims shall fail to accept the Plan in accordance with 11 U.S.C. Section 1129(a), or shall be deemed to reject the Plan, the Debtor reserves the right to, and intends to, request that the Bankruptcy Court confirm the Plan, and any of the separate plans contained herein, in accordance with 11 U.S.C. Section 1129(b).

12.7. Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

12.8. Corporate Governance. The Debtor shall continue to exist after confirmation of the Plan. The Debtor shall not issue any nonvoting equity securities during the life of this Plan. Further, voting power of the equity security holders shall be proportionate to the number of shares held.

12.9. Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

ARTICLE XIII DISCHARGE

Upon confirmation of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the Effective Date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in § 1141(d)(6)(B).

DATED: October 14, 2016

Talbot Enterprises of Pine Bluff, Inc.

By: /s/Beau Talbot, IV
Beau Talbot, IV, President

By: /s/J. Brad Moore
J. Brad Moore (2010197)
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