

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

**IN RE: BROWN'S CHRISTIAN WAY HOME FOR FUNERALS, INC.,  
DEBTOR-IN-POSSESSION**

**CASE NO.: 2:16-BK-13155  
CHAPTER 11**

**DISCLOSURE STATEMENT**

On June 16, 2016, the Debtor-in-Possession, Brown's Christianway Home for Funerals, otherwise known as BCHFF, ("DEBTOR"), filed a voluntary petition of reorganization pursuant to Chapter 7 of the United States Bankruptcy Code in the United Bankruptcy Court for the Eastern District of Arkansas, Eastern (Helena) Division ("Court"). By court order, this case was converted to Chapter 11 on August 11, 2016. Therefore, the order for relief was entered on August 11, 2016. The court has jurisdiction of this matter pursuant to 28 U.S.C. §§ 1334, 157 (a) and Local Rule 83.1 of the District Court. Pursuant to Section 1125 of the code, the Debtor has prepared this Disclosure Statement ("Statement") for submission to the Debtor's creditors upon approval of the Court.

BCHFF, Debtor-in Possession, provides this Disclosure Statement to all of its known creditors to disclose the information deemed by it to be material for creditors to arrive at an informed decision in exercising the right to vote for acceptance or rejection of the Plan of Reorganization (hereinafter "Plan"). A copy of the Plan accompanies the Disclosure Statement. All definitions set out in the Plan apply to this Disclosure Statement. In the event there are discrepancies between the Plan and the Disclosure Statement, the provisions of the Plan are controlling.

The filing and approval of a Disclosure Statement is a precondition to solicitation for votes on the Plan.

The approval of the Disclosure Statement is not tantamount to approval of a Plan of Reorganization, and does not constitute a ruling on the merits of the Plan of Reorganization.

Regardless of whether a creditor votes on the Plan, all creditors will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by creditors that holds at least two-thirds in amount and more than one-half in number of the allowed claims which are deemed impaired in the Plan. The requisite number must be obtained from those casting ballots. Absent the affirmative act of voting no creditor will be included in the tally. Allowance or disallowance of any claim for voting purposes does not mean that all or a portion of the claim will be allowed or disallowed for distribution purposes.

Creditors may vote on the Plan by completing and mailing the ballot which will be provided after the Court has approved the Disclosure Statement to J. F. Valley, P.O. Box 451, Helena-West Helena, Arkansas 72342-0451. The ballot must be received by Counsel for debtor before the date stated on the ballot. As a creditor, your vote is important. The Court can confirm the Plan if accepted by creditors who hold at least two-thirds in amount and more than one-half of the number of allowed claims in each class voting on the Plan. In the event that the requisite acceptance are not obtained from the classes impaired by the Plan, the Court may, nevertheless, confirm the Plan pursuant to 11 U.S.C. § 1129(b)(1), if it finds the Plan accords fair and equitable treatment to the Class rejecting it.

NO REPRESENTATION CONCERNING DEBTORS, THE VALUE OF THE PROPERTY, OR THE AMOUNT OF ANY PAYMENT TO THE CREDITORS IS AUTHORIZED BY THE DEBTOR, OTHER THAN AS CONTAINED IN THIS STATEMENT AND SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THIS INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY DEBTORS ARE DEPENDENT UPON ACCOUNTING PERFORMED BY OTHERS. FOR THE FOREGOING REASONS, DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT AN INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

### **NATURE OF CHAPTER 11 REORGANIZATION PROCEEDING**

Chapter 11 of the United States Bankruptcy Code is a remedial statute embodied in the United States Bankruptcy Code designed to effect rehabilitation and reorganization of financially distressed individuals and entities. The statutory aims of a Chapter 11 reorganization proceeding include the following: (a) preservation of a Debtor's business and property (b) avoidance of a forced and destructive liquidation of a Debtor's assets; (c) the protection of the interest of creditors, both secured and unsecured; (d) the orderly liquidation and/or disposition of all of a Debtor's assets which are not necessary to the effective reorganization of the debtor in such a manner as to produce the greatest amount for the creditors; and (e) the restructuring of the debts and finances of the Debtor in such a manner as will enable the Debtor to retain those assets necessary to effectively rehabilitate its business operations and at the same produce the greatest recovery for the creditors.

The formulation and confirmation of the Plan is the principal function of a Chapter 11 proceeding. Such a Plan normally includes provisions for (a) altering and modifying the rights of creditors; (b) dealing with the property of the Debtor; (c) curing defaults in some or all contracts between the Debtor and creditors; (d) paying the claims of creditors and the costs and expenses of administering the Chapter 11 case; and (e) the implementation of the provisions of the Plan. The Plan may affect the rights and interests of all parties and creditors, assume or reject executory contracts, and provide for the prosecution and settlement of claims belonging to the debtor. When confirmed, the Plan represents a valid, legally binding agreement between the Debtor and the creditors. In order to be confirmed by the Court, the United States Bankruptcy Code requires that there be a finding that the Plan received the votes of certain requisite classes and that the Plan is fair, equitable and feasible as to any dissenting classes of creditors.

In order for a Plan to be "fair and equitable", it must comply with the so-called "absolute priority rule." The "absolute priority rule" generally requires that beginning with the most senior rank of claims of creditors against the Debtor each dissenting class or creditors or interest in descending rank of priority must receive full and complete compensation before inferior or junior classes may participate in the distribution. Further, any dissenting creditors must receive under the Plan money or property having a value on the effective date of the Plan or not less than the amount that would be received by the class member if the Debtor were liquidated under Chapter 7 of the United States Bankruptcy Code. As set out above, the Plan must be accepted by the affirmative vote of the holders of two-thirds in amount and more than one-half in number of claims in each class unless adequate provisions are made for the claims of dissenting creditors. Debtors are requesting the Court to confirm the Chapter 11 Plan under the cramdown

provision of Section 1129(b) and find that the Plan does not discriminate unfairly and is fair and equitable with respect to each impaired class of claims or interest that has not accepted the plan.

Impaired Claims is defined pursuant to 11 U.S.C. §1124, as the treatment of a claim or interest under the Plan that alters the legal, equitable and contractual right of the holder of the claim or interest.

In order to fully understand how the Plan may be confirmed, each individual creditor should consult its own attorney and receive full advice on the inter-workings of the relevant legal principles, including, but not limited to, objections 506(a), 1121, 1122, 1123, 1124 and 1129 of the United States Bankruptcy Code.

This Chapter 11 case is conducted under the supervision of the United States Bankruptcy Court for the Eastern District of Arkansas. This Court may inter alia (a) authorize the Debtor as Debtor-in-Possession to operate its business and manage its property; (b) permits assumption or rejection of executory contracts or unexpired leases; (c) authorize the Debtor to use, sell or lease property of the Debtor; (d) authorize the Debtor to incur secured and unsecured debts; (e) grants or deny relief from the stay or any suit against the Debtor, including, but not limited to, any actions or proceedings to enforce a lien against Debtor's property; and (f) approve and confirm a Plan reorganization.

The instant Debtor is suited for, and in dire need of, the broad protection afforded by Chapter 11. The Debtor is a small business. Through the use of the remedies and procedures available under Chapter 11, the Debtor should be able to effectively restructure its finances.

#### A. HISTORICAL INFORMATION

Debtor, BCHFF, filed a petition under Chapter 7 of the United States Bankruptcy Code. On June 16, 2016. The debtor filed a motion to convert the case to Chapter 11 and after a hearing, the court granted the motion to convert to Chapter 11 by order entered on August 16, 2011.

#### B. Reason for Filing Reorganization

The reason for filing for reorganization was that, in no small measure, The Circuit Court of Phillips County, Arkansas affirmed an Order for the Business Closure of Brown's Christianway Funeral, Inc (sic). The order sought to close a non-existent business. The proper legal name for the corporation is Brown's Christianway Home For Funerals, Inc. The Arkansas Department of Finance and Administration had taken the position that it could, acting through agents, seize the business and lock it down such that no further business could be transacted because of the Business Closure Order.

#### PLAN OF REORGANIZATION

This Plan is based upon the Debtor's belief that the debt structure contemplated by the Plan will allow debtor to make all required monthly payments for the foreseeable future. The present cash flow is sufficient to carry out the terms of the Plan, and Debtors believe that they will generate sufficient cash flow to fund the Plan. The Plan is designed to pay the present value of secured debt and to pay the outstanding priority taxes in full.

#### A. Classification of Claims

#### B. Treatment of Interests

The Debtor, BCHFF, shall retain its interest in any and all of the property of the estate.

#### FINANCIAL INFORMATION REGARDING DEBTOR AND THE PLAN OF REORGANIZATION

##### (a) Assets and Liabilities:

The assets of the Debtor are more fully set out in Exhibits "A", and "B" and monthly projected income and liabilities are set out in Exhibit "C".

The Debtor's estimated monthly disposable income is \$2,000.00

A determination of Disposable Income defined in 11 § 1123(8) provides that the debtor under the plan shall pay such portion of earnings from personal services performed by the debtor after the commencement of the case or other future income of the debtor as is necessary for the execution of the plan. The best estimate of the financial outlook for Debtors is the five year projection of income.(Exhibit "C")

THE INFORMATION CONTAINED IN THE ATTACHED EXHIBITS HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT, BUT IT WAS PREPARED BY DEBTOR BASED UPON FUTURE PROSPECTS FOR REVENUES GENERATED FROM OPERATING THE FUNERAL BUSINESS AND GREAT EFFORT HAS BEEN MADE TO USE COMPLETE AND ACCURATE INFORMATION THEREIN. THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION CONTAINED IS WITHOUT INACCURACY OR OMISSION. FURTHER, THE INFORMATION CONTAINED IN THE ATTACHED EXHIBITS REFER TO FUTURE REVENUES AND OTHER EVENTS CONTINGENT UPON FUTURE CONDITIONS, AND FOR THIS REASON SHOULD NOT BE CONSIDERED MORE THAN A GOOD FAITH ESTIMATE SUPPLIED BY THE DEBTOR.

##### (c) No Opinion as to Tax Consequences

The Debtor expresses no opinion as to the eventual tax consequences of the Debtor, or any creditor in the event the Chapter 11 Plan proposed by the Debtor is confirmed and implemented. All parties in interest are encouraged by the Debtor to consult with their own tax attorney, accountant or other financial advisor to determine the effect that confirmation of the proposed Plan will have on that person's tax situation.

##### (d) Estimate of Administrative Expenses

Although the administrative expenses will vary greatly due to the amount of litigation and other related activities which are required in connection with Debtor's Chapter 11 proceeding the Debtor estimates that known administrative expenses should be \$15,000.00 for attorney's fees and \$5,000.00 for accountant fees. For purposes of this statement, the term "administrative expenses"

##### (e) Liquidation Value Analysis

Total liquidation value is

Total Assets	\$108,700.00
Less:	
Administrative Expenses	\$20,000.00
Secured Claims	\$90,000.00
Priority claims	\$0.00
Unsecured Claims	\$225,365.82
TOTAL	\$335,365.82
NET LOSS	(\$226,665.82)

Amount available to unsecured creditors upon liquidation: Zero

It is the Debtor's opinion that in the event of liquidation, no amount will be available for distribution to unsecured creditors, and the amount which is projected to be distributed to secured creditors and priority unsecured creditors under the Plan is \$0.00.

#### VOTE REQUIRED FOR APPROVAL OF PLAN

Section 1120 of the Bankruptcy Code set forth the requirements before a plan can be approved. A class of claims is deemed to have accepted a plan if at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than entity designated under section 1126(e) of the Code. Only impaired claims need to vote on the plan. A claim is impaired if the legal, equitable or contractual rights of a claimant is altered by the plan. All classes of claims are impaired by the Plan. If all of the confirmation requirements of Sections 1129(a) are complied with except the provision of paragraph (8) requiring acceptance of the plan by all impaired classes of claims and interests, the plan may be confirmed by the court under Section 1129(b), if the "cramdown" requirements of that section are complied with. The term "cramdown" refers to the process under Section 1129(b) by which a plan is confirmed notwithstanding the rejection of the plan by one or more classes of impaired creditors or interest holder. While a "cramdown" may be implemented if the provision of Section 1129(a) (8) requiring plan acceptance by all impaired classes of claims and interest is not complied with, the provision of Section 1129(a)(10) requiring plan acceptance by at least one class of impaired claims by non-insiders must be satisfied before a "cramdown" may be implemented pursuant to 11 U.S.C. § 1129(b)(1). A "cramdown" may not be implemented against a creditor who is secured only by a security interest in real property that is the debtor's principal residence, pursuant to 11 U.S.C. § 1129(b)(1). Cramdown under 1129(b) may be granted only if the court finds the Plan is fair and equitable and does not discriminate unfairly against the dissenting class.

#### AVOIDABLE TRANSFERS

There are no preferences or avoidable transfers, as these are defined by the Bankruptcy Code, that the debtors' will seek to pursue or recover in their Plan.

#### OBJECTIONS TO CLAIM

Debtor does not intend to file any objection to any major claim.

#### BAR DATE OF CLAIMS

If your claim has been listed in the debtor's Bankruptcy Schedules filed with the Clerk of the Court, you are not required to file a proof of claim.

You may if you wish file a Proof of Claim, but if the debtor has in already listed your claim in its Schedules, then you are not required to file a Proof of Claim, unless the debtor scheduled your claim as disputed, contingent or unliquidated. For those claims which are not listed in the debtor's Schedules, or those which the debtor listed as disputed, a Proof of Claim must be filed by the affected creditor. Accordingly, the Bankruptcy Court will set the Bar Date, the specific time and date, by which non-listed, or disputed, claims must be filed or they will be disallowed. If you are unlisted and non-listed creditors, or if the Plan disputes your claim in whole or part, you should file a proof of claim by this Bar Date.

#### MISC. GENERAL INFORMATION

The debtor's estimated that by the time of Confirmation that it shall owe attorney fees to J F VALLEY ESQ P A, in the range of \$15,000.00. All fees must be applied for in writing and be approved by the court after notice and hearing.

All fees owed to the U.S. Trustee's Office must be paid in full by the Debtor on or before the effective date of the confirmation of the Debtor's Chapter 11 Plan. Debtor shall comply with § 1129(a)(12) of the Code, and that in addition to the fees that are to be paid on or before the effective date of the Plan, and that post-confirmation fees assessed pursuant to 28 U.S.C § 1930 shall be timely paid pursuant to 11 U.S.C. § 1129(a)(12). That Debtor is not involved in any material bankruptcy or non-bankruptcy litigation.

#### CONCLUSION

The Debtor considers the proposed Plan to be in the best interest of all creditors and of the bankruptcy estate, and therefore, recommends the Plan's Acceptance.

Respectfully submitted,  
James F. Valley  
J F VALLEY ESQ PA  
Attorney at Law  
P.O. Box 451  
Helena-West Helena, AR 72342-0451

(870) 619-1750 Phone  
(870) 619-1760 Fax  
(888) 225-0811 Toll Free and Fax

/s/ J F Valley  
J. F. Valley  
Ark. Bar # 96-052

/s/ Larry Brown, Manager,  
Brown's Christianway Home for Funerals, Inc.

DEBTOR-IN-POSSESSION

#### CERTIFICATE OF SERVICE

I, J F VALLEY, hereby certify that I have served a copy of the foregoing Disclosure Statement on Charles Tucker, Office of the U.S. Trustee, 200 West Capitol Avenue, Suite 1200, Little Rock, AR 72201 by depositing same in the United States mail with sufficient postage affixed on this 10th of April, 2017, and all creditors and attorneys on the attached Notice of Opportunity to Object.

/s/ J F VALLEY  
J. F. VALLEY