

1 **19**
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5
6 **UNITED STATES BANKRUPTCY COURT**
7 **EASTERN DISTRICT OF CALIFORNIA**
8

9 In re:
10 **B&L EQUIPMENT RENTALS, INC.,**
11 **Debtor-in-Possession.**

Case No. 15-14685-B-11

Chapter 11

DC No. LKW-38

Date: February 9, 2017

Time: 9:30 a.m.

Place: United States Courthouse

510-19th Street

Bakersfield, CA

Judge: Rene Lastreto, II

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16 **DEBTOR'S DISCLOSURE STATEMENT DATED NOVEMBER 29, 2016**

17 **I.**

18 **Introduction**

19 B&L Equipment Rentals, Inc. ("Debtor") filed a Voluntary Petition Under Chapter 11
20 on November 30, 2015 ("the Petition Date"). Debtor has operated its business as a debtor-in-
21 possession since the Petition Date and a trustee has not been sought or appointed in Debtor's
22 case.
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24 **II.**

25 **Purpose of the Disclosure Statement**

26 This Debtor's Disclosure Statement Dated November 29, 2016 ("Disclosure
27 Statement"):
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- describes Debtor and significant events during the bankruptcy case,
- describes the classification and treatment of Claims or equity interests as provided in Debtor’s Plan of Reorganization (“the Plan”),
- explains how Debtor will execute the Plan,
- explains how Claims will be treated and paid,
- explains who can vote on or object to the Plan,
- explains what factors the Bankruptcy Court (“the Court”) will consider when deciding whether to confirm the Plan,
- explains why 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
- explains the effect of Confirmation of the Plan.

The Plan will establish your rights with respect to your Claim if the Plan is confirmed.

The information contained in the Disclosure Statement is provided to the holders of Claims for the purpose of providing adequate information to Claimants so that Claimants can arrive at an informed decision in exercising their right to accept or reject the Plan.

Your vote to accept or reject the Plan is important. The Plan can be confirmed if it is accepted by the holders of Claims in each Class of Claims voting on the Plan. Additionally, the Court can confirm the Plan if it finds that the Plan accords fair and equitable treatment to the Class rejecting it if the requisite acceptances are not obtained. Debtor will seek Confirmation of the Plan whether the Plan is accepted by all Classes of Creditors or not.

EVERY ATTEMPT HAS BEEN MADE TO PROVIDE ACCURATE INFORMATION IN THIS STATEMENT. HOWEVER, THE INFORMATION HAS NOT BEEN THE SUBJECT OF A CERTIFIED AUDIT. NO REPRESENTATIONS ARE AUTHORIZED BY DEBTOR EXCEPT AS SET FORTH IN THIS STATEMENT. THE INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT COMES FROM

1 DEBTOR AND ITS ATTORNEYS. LAWRENCE F. JENKINS AND TAMMY BROWN
2 ARE THE PRIMARY SOURCES OF INFORMATION CONTAINED IN THE
3 DISCLOSURE STATEMENT AND REPRESENT THE BEST SOURCES OF
4 INFORMATION CONCERNING DEBTOR AND ITS ASSETS AND LIABILITIES. TO
5 THE EXTENT THAT INFORMATION CONTAINED IN THIS DISCLOSURE
6 STATEMENT IS INCONSISTENT WITH INFORMATION CONTAINED IN THE PLAN,
7 THE TERMS OF THE PLAN ARE CONTROLLING.
8

9 **III.**

10 **Description of Business**

11 **1. History of Debtor**

12 Debtor is a corporation doing business in Texas, Nevada, Colorado, and California.
13 Debtor's principal place of business is in Bakersfield, California. Debtor is in the oilfield
14 service business and Debtor began its business in 1990. Debtor's business generated gross
15 income of \$30,513,043.00 in 2013, \$36,345,567.00 in 2014, and \$17,915,569.00 from January
16 1 – November 30, 2015. The decline Debtor's income in 2015 was caused by a decline in oil
17 prices and a slow-down in Debtor's business activity. Debtor has worked to increase its
18 business activity and revenue since Debtor filed its Chapter 11 case and Debtor believes that it
19 will return to profitability in 2017 and 2018.
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21

22 **IV.**

23 **2. Events Leading to Filing Chapter 11 Case**

24 Debtor was sued by a class of employees and former employees ("the Class Claimants")
25 in February 2014 for claims associated with wage and labor law violations. Debtor denied any
26 liability associated with the claims made against it in the lawsuit. However, Debtor determined
27 that it was in its best interest to resolve its dispute with the employees and former employees
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1 without trial. Therefore, Debtor and the Class Claimants entered into a Joint Stipulation
2 Agreement and Release in March 2015 (“the Settlement Agreement”). The Settlement
3 Agreement liquidated the claims against Debtor at \$1,500,000.00 and provided for

- 4 a. entry of a Judgement against Debtor and
- 5 b. payment of the \$1,500,000.00 to the Class Claimants due on or about November
6 25, 2015.

7
8 Debtor believed in March 2015 that it would be able to make the payment of
9 \$1,500,000.00 to the Class Claimants required by the Settlement Agreement without
10 jeopardizing its business and ability to pay other creditors. However, based on the slow-down
11 in Debtor’s business caused by a depressed petroleum industry, Debtor determined that it could
12 not make the payment of \$1,500,000.00 to the Class Claimants without jeopardizing its
13 business and ability to pay other creditors.

14
15 Debtor filed its Chapter 11 case in order to give Debtor a vehicle under which it could
16 reorganize its business and financial affairs and repay all of the debt owed to its creditors over
17 time including the debt owed to the Class Claimants.

18 **V.**

19 **Debtor’s Historical, Post-Petition, and Projected Financial Information**

20 **1. Historical Financial Information**

21
22 Debtor has conducted its oilfield service business since its inception in 1990. Debtor
23 acquired assets in its business and those assets had a market value of \$17,144,907.68 when
24 Debtor filed its Chapter 11 case. Debtor incurred secured and general unsecured debt before it
25 filed its Chapter 11 case. That debt included (a) secured claims of \$3,373,336.77 and general
26 unsecured claims of \$2,058,635.08 according to Debtors’ Schedules of Assets and Liabilities
27 and Proofs of Claim filed in Debtors’ case. The general unsecured claims include claims
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1 totaling \$662,418.80 filed by Ivan Medrano, Jesus Cabrera, David Melgoza, and Leopoldo
2 Alvarez (“the Medrano Claims”). Debtor disputes the validity of the Medrano Claims and the
3 allowance of the Medrano Claims will be determined by a trial pending in the Kern County
4 Superior Court. Debtor expects the trial concerning the Medrano Claims to be held in the
5 Spring of 2017 and for the trial to reduce significantly the amount of the Medrano Claims.
6

7 **2. Post-Petition Financial Information**

8 Debtor has continued its business operations after the filing of its Chapter 11 case.
9 The Monthly Operating Reports filed by Debtor (“the Monthly Reports”) show Debtor’s
10 income and expenses since Debtor filed its Chapter 11 case and are available from PACER on
11 the Court’s website or from Debtor’s counsel. A summary of Debtor’s income and expenses
12 from December 1, 2015 through October 31, 2016 is included in the Exhibits to Debtor’s
13 Disclosure Statement Filed on November 29, 2016 (“the Exhibits”) as Exhibit “A”.
14

15 According to the Monthly Reports, Debtor has lost money since it filed its Chapter 11
16 case. However, Debtor has used income received from the sale of non-essential assets and its
17 business operations to repay \$1,387,745.65 owed to secured creditors and pay ongoing business
18 expenses since Debtor filed its Chapter 11 case. A list of the secured creditors who have
19 received payments since Debtor filed its Chapter 11 case is included in the Exhibits as Exhibit
20 “B”.
21

22 **3. Projected Post-Confirmation Income**

23 Debtor estimates that it will have gross income of \$15,875,000.00 and expenses of
24 \$15,682,910.00 from March 1, 2017 through December 31, 2018. Copies of the Budgets for
25 March 1, 2017 – December 31, 2018 are included in the Exhibits as Exhibit “C”. Debtor
26 believes that the estimates are conservative and represent Debtor’s income and expenses on a
27 going forward basis. The Budgets show that Debtor will generate profit from which Debtor can
28

1 operate its business and help fund a Plan of Reorganization. Additionally, Debtor's principals
2 will make contributions of up to \$2 million from March 1, 2017 through October 1, 2018 from
3 which Debtor will be able to repay all allowed general unsecured claims without any reference
4 to the income generated by the operation of Debtor's business.
5

6 **VI.**

7 **Significant Post-Petition Events**

8 The following significant events have occurred since Debtor filed its Voluntary
9 Petition:

10 **1. Continued Operation of Business**

11 Debtor has continued to operate its business during a time when many other oilfield
12 service companies have gone out of business. Debtor has reduced its expenses, sold non-
13 essential assets, and reduced secured claims since it filed its Chapter 11 case. Additionally,
14 Debtor has increased its business activity and revenue since the summer of 2016 after the price
15 of oil stabilized and the demand for Debtor's services increased. Debtor believes that it has
16 "weathered the storm" that plagued the petroleum industry in 2015 and part of 2016 and that it
17 will return to profitability in 2017 and 2018.
18

19 **2. Reduction in Secured Claims**

20 Debtor has made payments each month to all of its secured creditors since filing its
21 Chapter 11 case. The payments to secured creditors were made from income generated by the
22 operation of Debtor's business and the sale of non-essential equipment. Debtor's payments to
23 secured creditors through October 31, 2016 totaled \$1,387,745.65. Debtor's payments to
24 secured creditors reduced the debt owed to the secured creditors and have helped to insure the
25 survival of Debtor's business.
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1 **3. Appointment of Committee of Unsecured Creditors**

2 The United States Trustee appointed a Committee of Unsecured Creditors (“the
3 Committee”) as permitted by the law. The Committee retained Daniel Reiss (“Mr. Reiss”) of
4 Levene, Neale, Bender, Brill & Yoo to be its attorney. The Committee and Mr. Reiss have
5 participated in the administration of Debtor’s case and have provided in sight and advice to
6 Debtor’s attorney.
7

8 **4. Employment of Professionals**

9 Debtor obtained authorization from the Bankruptcy Court to employ:

- 10 a. the Law Offices of Leonard K. Welsh to be its general counsel in its
11 Chapter 11 case.
12 b. Alexander & Associates to be its special counsel in connection with the
13 lawsuit filed by the Medrano Claimants,
14 c. CBIZ Mayer Hoffman McCann to be its accountants in its Chapter 11
15 case,
16 d. the PPL Group to be its auctioneer in connection with the sale of non-
17 essential equipment, and
18 e. the Modern Tax Group to advise and serve Debtor concerning personal
19 property tax issues in its business operations.
20

21 The Committee obtained authorization from the Bankruptcy Court to employ Mr. Reiss as its
22 attorney and Tiger Valuation Services to appraise the value of Debtor’s business assets.
23

24 **5. Motions for Relief from Automatic Stay**

25 There have been no Motions for Relief from Automatic Stay filed by creditors in
26 Debtor’s case. This is true because Debtor has made payments each month to its secured
27 creditors since the filing of its Chapter 11 case. Additionally, Debtor has reached agreements
28

1 with many of its secured creditors concerning the treatment of the creditor's claims provided in
2 the Plan.

3 **6. Motions for Authority to Assume or Reject Unexpired Leases**

4 Debtor has filed five Motions for Authority to Assume Unexpired Leases and one
5 Motion for Authority to Reject Unexpired Lease in its Chapter 11 case ("the Motions"). The
6 Bankruptcy Court granted all of the Motions and Debtor has been able to retain possession of
7 all of the real property needed for Debtor to operate its business as the result of the Court
8 granting the Motions. Debtor's being able to assume unexpired leases has saved Debtor the
9 cost of relocating its business and has helped to insure the viability of Debtor's business.
10

11 **7. Motions for Authority to Use Cash Collateral**

12 Debtor and the Bank of America ("the Bank") reached an agreement concerning
13 Debtor's use of the Bank's cash collateral in December 2015. Debtor's agreement with the
14 Bank was finalized in August 2016 and Debtor is authorized to use the Bank's cash collateral to
15 pay expenses incurred by Debtor in the operation of its business and the administration of its
16 Chapter 11 case.
17

18 **8. Motions for Authority to Sell Personal Property**

19 Debtor has filed four Motions for Authority to Sell Personal Property in its Chapter 11
20 case ("the Motions"). The Bankruptcy Court granted all of the Motions and Debtor has
21 received more than \$800,000.00 in proceeds from the sale of the personal property identified in
22 the Motions. Debtor has used proceeds received from the sale of its personal property to make
23 payments to secured creditors and pay ongoing business and administrative expenses.
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25 **9. Administrative Matters**

26 Debtor has filed its Monthly Operating Reports and paid the Quarterly Fees owed to the
27 United States Trustee as required by the law since it filed its Chapter 11 case.
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10. Disclosure Statement and Plan of Reorganization

Debtor has filed a Plan of Reorganization and Disclosure Statement Dated November 29, 2016. A hearing for approval of the Disclosure Statement is set for February 9, 2017. The Bankruptcy Court will determine at that time if the Disclosure Statement contains “adequate information” as required by 11 USC Section 1125.

VII.

Legal Proceedings

Debtor was the party to three lawsuits before it filed its Chapter 11 case including:

- 1. the Class Action lawsuit described in Section IV above,
- 2. the lawsuit filed against Debtor by the Medrano Claimants, and
- 3. a Complaint filed against Debtor by Sarai Medrano.

The Class Action claimants will have allowed claims in Debtor’s Chapter 11 case; while, the validity and amount of the Medrano Claims will be determined by the Kern County Superior Court. Sarai Medrano’s claims against Debtor were resolved in a settlement approved by the Bankruptcy Court and all of Sarai Medrano’s claims against Debtor have been satisfied.

VIII.

Financial Information

1. Liabilities as of the Petition Date and Effective Date

a. Creditors Having Administrative Claims

Debtor has incurred Administrative Claims since the filing of its Voluntary Petition. Debtor believes that the Administrative Claims for unpaid fees and costs owed to its attorneys and accountants and the Committee’s attorneys will be the following amounts on the Effective Date of the Plan:

	<u>Name</u>	<u>Amount</u>
1		
2	Law Offices of Leonard K. Welsh	\$50,000.00
3	Levene, Neal, Bender, Brill & Yoo	\$50,000.00
	Alexander & Associates	\$35,000.00
4	CBIZ Mayer Hoffman McCann	\$15,000.00

5 Any unpaid Administrative Claims will be paid after Court approval if Court approval
6 is required. Administrative Claims will be paid from money received from contributions made
7 to Debtor by its principals or from income generated by Debtor's business.

8
9 b. Creditors Holding Security

10 Debtor reported Secured Claims totaling \$3,373,336.77 on its Schedule D – Creditors
11 Holding Unsecured Claims including all amendments hereto. See *Amended Schedule D* filed
12 by Debtor on January 25, 2016. Debtor has made payments to secured creditors and has
13 reduced the debt owed to its secured creditors since it filed its Chapter 11 case. See Exhibit
14 “B” to Exhibits.

15 Debtor believes that the Allowed Secured Claims on the Effective Date of the Plan will
16 be less than \$2,500,000.00.

17
18 c. Unsecured Claims with Priority

19 Debtor reported no Priority Unsecured Claims on its Schedule E – Creditors Holding
20 Priority Claims including all amendments thereto. See *Schedule E-Creditors Holding*
21 *Unsecured Priority Claims* filed by Debtor on November 30, 2015.

22 Debtor believes that there will be no Allowed Priority Unsecured Claims on the
23 Effective Date of the Plan.

24
25 d. Unsecured Claims Without Priority

26 Debtor reported Unsecured Nonpriority Claims totaling \$2,058,635.08 on its Schedule
27 F – Creditors Holding Unsecured Nonpriority Claims including all amendments thereto. See
28 *Amended Schedule F* filed by Debtor on January 25, 2016. Debtor's general unsecured claims

1 include \$662,418.80 owed to the Medrano Claimants. Debtor believes that the Allowed
 2 Unsecured Nonpriority Claims on the Effective Date of the Plan will be less than
 3 \$2,000,000.00 after the Medrando Claims are liquidated by the Kern County Superior Court.
 4

5 e. Disputed Claims

6 Debtor listed the following claims as disputed in its Schedules of Assets and Liabilities:

<u>Creditor</u>	<u>Amount</u>	<u>Type of Claim</u>
Ivan Medrano	\$187,127.20	General Unsecured
Jesus Cabrera	\$187,127.20	General Unsecured
David Melgoza	\$187,127.20	General Unsecured
Leopoldo Alvarez	\$101,037.20	General Unsecured
UC One, LLC	\$100,740.00	General Unsecured
TOTAL	\$763,158.80	

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13 The validity of the Medrano Claims will be determined by a trial pending in the Kern
 14 County Superior Court and Debtor intends to object to the allowance of UC One's claim ("the
 15 UC One Claim") after the Effective Date of the Plan. Debtor believes that the allowed amount
 16 of the Medrano Claims and UC One Claim will be much less than the amounts indicated above.
 17 However, the Plan provides for the segregation of money to pay the Medrano Claims and UC
 18 One Claim if the Medrano Claims and UC One Claim are allowed in their entirety. Any money
 19 not needed to pay Medrano Claims and UC One Claim will be used by Debtor to pay other
 20 Allowed Claims or ongoing business expenses incurred by Debtor.
 21

22 f. Allowance of Claims

23 Any claim not objected to by Debtor or another party in interest will be an Allowed
 24 Claim in (a) the amount set forth in a Proof of Claim filed by or for a creditor or (b) scheduled
 25 by Debtor. However, nothing contained in the Disclosure Statement will be deemed to be a
 26 determination of the amount or allowance of a Claim.
 27
 28

1 IX.

2 **Preference and/or Avoidance Claims**

3 Debtor did not make any material transfers of property outside of the ordinary course of
4 business before filing its Chapter 11 case. Debtor does not believe that there is a basis for
5 bringing any preference and/or avoidance claims. For that reason, Debtor does not intend to
6 bring any preference and/or avoidance actions in its Chapter 11 case.

7 X.

8 **Summary of the Plan of Reorganization**

9 **1. Generally**

10 Debtor will to operate its business after confirmation of the Plan. Debtor expects to
11 return to profitability in 2017 and 2018. Debtor's expectations are supported by the fact that
12 Debtor's cash receipts have increased from a low of \$400,108.05 in May 2016 to \$772,910.60
13 in October 2016 including the collection of \$701,305.35 in accounts receivable in October
14 2016. A summary of Debtor's post-petition income and expenses is included in the Exhibits as
15 Exhibit "A". Debtor anticipates that its income and expenses will be stable and consistent
16 during the Term of the Plan and that it will generate sufficient income to make the payments
17 required by the Plan.

18 Debtor's principals will make contributions of up to \$2 million from March 1, 2017
19 through October 1, 2018 from which Debtor will be able to repay all allowed general unsecured
20 claims without any reference to the income generated by the operation of Debtor's business.
21 The contributions will insure the feasibility of the Plan as it relates to general unsecured
22 creditors. Copies of financial statements for Debtor's principals will be made available to the
23 Court, the United States Trustee, and the Committee and its attorney for in camera review if
24 such review is requested.

25 The Term of the Plan will not exceed 24 months after the Effective Date of the Plan.

26 **2. General Treatment of Classes of Claims**

27 The Plan provides for payment in full of all Allowed Claims during the Term of the
28 Plan.

1 **1. Who May Vote or Object?**

2 Any party in interest may object to the confirmation of the Plan if the party believes that
3 the requirements for confirmation are not met.

4 Some parties in interest are not entitled to vote to accept or reject the Plan. A creditor
5 or equity interest holder has a right to vote for or against the Plan only if that creditor or equity
6 interest holder has a claim or equity interest that is both (a) allowed or allowed for voting
7 purposes and (b) impaired. Debtor believes there are Forty-two classes of claims that are
8 impaired under the Plan.

9 **2. What Is an Allowed Claim or an Allowed Equity Interest**

10 Only a creditor or equity interest holder with an Allowed Claim or an allowed equity
11 interest has the right to vote on the Plan. Generally, a Claim or equity interest is allowed if (a)
12 Debtor has scheduled the claim on Debtor's Schedules unless the Claim has been scheduled as
13 disputed, contingent, or unliquidated, or (b) the creditor has filed a Proof of Claim or equity
14 interest unless an objection has been filed to such Proof of Claim or equity interest. When a
15 Claim or equity interest is not allowed, the creditor or equity interest holder holding the Claim
16 or equity interest cannot vote unless the Court overrules the objection or allows the Claim or
17 equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy
18 Procedure.

19 *The deadline for filing a Proof of Claim for non-governmental agencies in this case*
20 *was April 5, 2016.*

21 *The deadline for filing a Proof of Claim for governmental agencies in this case was*
22 *May 28, 2016.*

23 **3. What Is an Impaired Claim or Impaired Equity Interest?**

24 The holder of an Allowed Claim or equity interest has the right to vote only if it is in a
25 Class that is *impaired* under the Plan. As provided in 11 USC Section 1124, a Class is
26 considered impaired if the Plan alters the legal, equitable, or contractual rights of the members
27 of that Class.
28

1 **4. Who is Not Entitled to Vote?**

2 The holders of the following five types of Claims and equity interests are *not* entitled to
3 vote:

- 4 • holders of Claims and equity interests that have been disallowed by an order of
5 the Court;
- 6 • holders of other Claims or equity interests that are not “Allowed Claims” or
7 “allowed equity interests” unless they have been “allowed” for voting purposes;
- 8 • holders of Claims or equity interests in unimpaired classes;
- 9 • holders of Claims entitled to priority pursuant to 11 USC Sections 507(a)(2),
10 (a)(3), and (a)(8);
- 11 • holders of Claims or equity interests in classes that do not receive or retain any
12 value under the Plan; and
- 13 • administrative expenses.

14 ***You Have a Right to Object to the Confirmation of the Plan Even If You Are Not Entitled to***
15 ***Vote on the Plan.***

16 **5. Who Can Vote in More Than One Class?**

17 A creditor whose Claim has been allowed in part as a secured claim and in part as an
18 unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject
19 a Plan in each capacity and should cast one ballot for each claim.

20 **6. Votes Necessary to Confirm the Plan**

21 The Court cannot confirm the Plan unless (a) at least one impaired class of creditors has
22 accepted the Plan without counting the votes of any insiders within that class, and (b) all
23 impaired classes have voted to accept the Plan unless the Plan is eligible to be confirmed by
24 “cram down” on non-accepting classes as discussed in Paragraph 8 below.

25 **a. Votes Necessary for a Class to Accept the Plan**

26 A class of claims accepts the Plan if both of the following occur: (a) the holders of more
27 than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the
28 Plan, and (b) 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.

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b. Treatment of Non-Accepting Classes

Even if one or more impaired classes reject the Plan, the Court may confirm the Plan if the non-accepting classes are treated in the manner prescribed by 11 USC Section 1129(b). A plan that binds non-accepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of 11 USC Section 1129(a)(8), does not “discriminate unfairly,” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan.

To the extent any Class impaired under the Plan and entitled to vote does not accept the Plan by the requisite statutory majority provided in 11 USC Section 1126(c) as discussed above, or is deemed to have rejected the Plan, Debtor will request confirmation of the Plan under 11 USC Section 1129(b).

c. Application of the Absolute Priority Rule

In corporate Chapter 11 cases, classes of creditors must consent to their treatment under the Plan or receive payment in full before any junior class of creditors receive anything under the Plan. This is called the “Absolute Priority Rule.” Debtor does not believe that the Absolute Priority Rule applies because the Plan provides for payment in full of all Allowed Claims. However, Debtor will seek confirmation of the Plan under the “cram down” provisions of 11 USC Section 1129(b) if the Court determines that the Absolute Priority rule does apply in this case.

XIII.

Chapter 7 Comparison and Liquidation Analysis

Unsecured creditors will receive a dividend in Debtor’s Chapter 11 case equal to the dividend that would be available to unsecured creditors in a Chapter 7 case. This is true because the Plan provides for payment in full of all Allowed Claims and the liquidation value of Debtor’s assets is greater than the amount of debt Debtor owes to its creditors.

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XIV.

Discharge

Confirmation of this Plan does not discharge any debt provided for in this Plan until one of the following occurs: (a) the Court grants a Discharge on completion of payments to creditors under the Plan upon Motion by the Debtor, (b) a Final Decree and Order Closing the Chapter 11 Case is entered, or (c) as otherwise provided in Section 1141(d)(5) of the Code.

XV.

Management Compensation

Debtor operates its businesses and Debtor will continue its business during the Term of the Plan. Debtor will be managed by Lawrence F. Jenkins, Lawrence B. Jenkins, and Tammy Brown during the Term of the Plan. Debtor will pay wages to Mr. Jenkins, Mr. Jenkins, and Ms. Brown during the Term of the Plan. Debtor estimates that the wages paid to its managers will be about \$50,190.00 per month during the Term of the Plan. Debtor will reduce the wages paid to its managers during the Term of the Plan if such a reduction is necessary to insure the viability of Debtor's business and feasibility of the Plan

XVI.

Insider Claims

Debtor's principals do not have any claims against Debtor for debt owed to the principals. However, Debtor's principals will make contributions of up to \$2 million to Debtor during the Term of the Plan to insure that the Plan is feasible and that Debtor can make all of the payments to creditors required by the Plan.

XVII.

Creditor Risks

There is risk to creditors with the confirmation of the Plan. The primary risk to creditors is Debtor's failure to complete the payments required by the Plan. Debtor believes the benefits associated with the Plan outweigh the risks associated with the Plan and that the Plan represents the best chance for all creditors to receive payment in full of the debt owed to them in the shortest period of time possible.

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XVIII.

Alternatives to the Plan

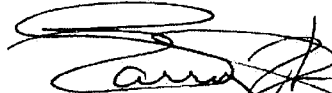
Dismissal of the case or conversion to Chapter 7 are alternatives available to Debtor if the Plan is not confirmed. Confirmation of the Plan is preferable to the dismissal of Debtor’s case because dismissal of the case would result in repossession and liquidation of collateral by secured creditors, the termination of Debtor’s business, and unsecured creditors being forced to pursue collection actions against Debtor under state law.

Debtor believes that its debt owed to creditors will be paid faster under the Plan than would be true if Debtor’s Chapter 11 case was converted to Chapter 7. This is true because the Term of the Plan is two years and large Chapter 7 cases often take more than two years to administer and payments to be made to creditors.

For the foregoing reasons, Debtor believes that the Plan proposes the best treatment of creditors possible under the circumstances of this case and believes creditors should vote in favor of the Plan.

Date: November 29, 2016

B&L EQUIPMENT RENTALS, INC.

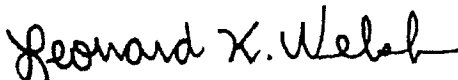


By /s/ Lawrence F. Jenkins

LAWRENCE F. JENKINS
President

APPROVED:

LAW OFFICES OF LEONARD K. WELSH



By /s/ Leonard K. Welsh
LEONARD K. WELSH
Attorneys for Debtor