

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

In re:)	
)	
OUTSIDE PLANT DAMAGE)	Case No. 16-20629-TBM
RECOVERY, LLC)	Chapter 11
d/b/a Paragon Risk Management Group)	
Debtor.)	
)	

DISCLOSURE STATEMENT IN SUPPORT OF
AMENDED PLAN OF REORGANIZATION DATED MAY 19, 2017

I. INTRODUCTION

This is the Disclosure Statement (the “Disclosure Statement”) in the Chapter 11 case of Outside Plant Damage Recovery, LLC (the “Debtor” or “OPDR”). This Disclosure Statement contains information about the Debtor and describes the Amended Plan of Reorganization dated May 19, 2017 (the “Plan”). A full copy the Plan is attached to this Disclosure Statement as **Exhibit A. Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one.**

The proposed distributions under the Plan are discussed at pages 6 through 9 of this Disclosure Statement. The Plan proposes to pay creditors of the Debtor from the Debtor’s net income. This Plan provides for three (3) classes of secured claims; one (1) class of priority claims, one (1) class of unsecured claims; and one (1) class of the Debtor’s equity holders. General unsecured creditors holding allowed claims will receive distributions of not less than 25.6 cents on the dollar (25.6%) over a period of five (5) years.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case;
- How the Plan proposes to treat claims or equity interest of the type you hold (i.e., what you will receive on your claim if the Plan is confirmed);
- Who can vote on or object to the Plan;
- What factors the Bankruptcy Court (the “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.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objection; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. *Time and Place of Hearing to Approve Disclosure Statement and Confirm Plan*

The hearing at which the Court will determine whether to finally approve this Disclosure Statement and confirm the Plan will take place on October 5, 2016, in Courtroom C at the U.S. Custom House, 721 19th Street, Fifth Floor, Denver, Colorado, 80202.

The hearing to confirm the Plan will be held on _____, 2017, at _____, a./p.m. in Courtroom E at the U.S. Custom House, 721 19th Street, Fifth Floor, Denver, Colorado, 80202.

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

If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the address in subparagraph 4 below. See Section IV.A below for a discussion of voting eligibility requirements.

Your ballot must be received by _____, 2017 or it will not be counted.

3. *Deadline for Objecting to Adequacy of Disclosure State and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court and served upon the Debtor by mail at the address below.

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

If you want additional information about the Plan, you should contact:

Kenneth J. Buechler, Esq.
Buechler & Garber, LLC
999 18th Street, Suite 1230-S
Denver, CO 80202
Telephone: (720) 381-0045
Fax: (720) 381-0382
Email: ken@BandGlawoffice.com

C. Disclaimer

The Court may conditionally approve this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation and the fact that the Court approves this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's conditional approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan.

OBJECTIONS TO THE ADEQUACY OF THE DISCLOSURE STATEMENT MAY BE FILED UNTIL _____, 2017.

II. BACKGROUND

A. Description and History of the Debtor

1. History of the Debtor.

OPDR was founded by Joseph Fanciulli in December of 2002, who is the 100% member of OPDR, to provide damage claim subrogation services to utility companies. Mr. Fanciulli is a Certified Fraud Examiner, as well as a Certified Fraud Professional. OPDR's headquarters is located at 9984 West Jewell Avenue, Unit B, Lakewood, Colorado 80232, leasing that location from Mr. Fanciulli, but OPDR provides its services throughout the country.

OPDR provides full service subrogation services to work with technicians, construction companies, and client contractors to obtain information on damage incidents involving cable and other utility companies. That means that in the event damage occurs to cable or utility company property, the company contracts with OPDR. OPDR then investigates the incident, and recovers the damages incurred in exchange for a percentage of the claim. OPDR's business model involves working as an agent on behalf of utility companies to invoice, negotiate and recover the costs associated with damaged utility infrastructure.

2. *Events Leading to Bankruptcy Filing*

OPDR provides its services to a number of clients. Prior to the Petition Date, those clients included Charter Communications and Cox Communications. OPDR expected to receive a larger market share from Charter and Cox than was ultimately received. Because of issues servicing those claims, OPDR saw its monthly revenues decrease, leading to revenue shortfalls.

At its formation, Mr. Fanciulli, his wife, and four managers operated OPDR. By 2008, the managers had moved on, and Mr. Fanciulli ran the company. In 2013 and 2014, Mr. Fanciulli and his wife suffered serious illnesses simultaneously. At that time, the daily operation of OPDR was entrusted to an Operations Director and Vice President. The Operations Director and Vice President over expanded OPDR, nearly tripling the staff for 12 to 30 employees, and increasing the travel expenses and marketing expenses as well. Because of Mr. Fanciulli's illness, he was not able to provide the oversight necessary to rein in those costs. Additionally, during Mr. Fanciulli's absence, OPDR fell behind on its obligations to Cox and Charter.

Exacerbating that issue, OPDR invested in a software rewrite of its backbone claims management software. The software rewrite ended up going \$300,000 over budget, and was two years late in its deployment. The cost overruns and the delay in the release of the software significantly impaired OPDR's business.

3. *Significant Events Since Bankruptcy Filing*

Shortly before the Petition Date, OPDR entered into a contract with Centurytel Service Group, LLC, with the contract to begin starting January 1, 2017. This new contract was expected to provide OPDR with significant post-petition revenues. Due to events outside of OPDR's control, claims from Century-Tel have been held up. Once Century-Tel is able to begin sending claims to OPDR, which is estimated to occur in the next month, OPDR anticipates receiving an influx of new claims which will alleviate its revenue issues and lead to significant growth.

B. Projected Recovery of Avoidable Transfers

The Debtor is reviewing payments made to creditors and insiders prior to the Petition Date to determine if any of those transfers are avoidable either as preferences or as fraudulent transfers.

If you received a payment or other transfer within 90 days of the bankruptcy, or within one year of the bankruptcy if you were an insider, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

C. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order or was scheduled by the Debtor as undisputed, not contingent, or liquidated, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving a disputed claim are set forth in Article V of the Plan.

D. Current and Historical Financial Conditions

The Debtor's current income and expenses are set forth in **Exhibit B** which is the Debtor's most recent Monthly Operating Report. Such Exhibit includes the Debtor's most recent Balance Sheet and Profit and Loss Report. All of the Debtor's post-petition monthly operating reports are reflective of the Debtor's current financial condition.

E. Projected Financial Condition for the Term of the Plan

The Debtor's forecast of its projected revenues and expenses (the "Forecast") going forward and during the life of its Plan are attached as **Exhibit C**. The Debtor's Forecast is based upon the following assumptions:

- a. A conservative growth estimated at 2-3% per year, each year;
- b. Consistent and uninterrupted work productivity; and
- c. Continued staffing rates at the Debtor's current levels.
- d. The Forecast is a very conservative forecast in that it does not include any anticipated revenue from other sources, including Century-Tel.
- e. In the event that the Plan is confirmed, Mr. Fanciulli has agreed to reduce his salary to \$125,000.00 annually which will provide for a greater return to the Debtor's creditors. That reduction in salary is not assumed in the projections.

III. SUMMARY OF THE PLAN AND REORGANIZATION AND TREATMENT OF CLAIMS

A. What is the Purpose of the Plan of Reorganization?

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

B. Unclassified Claims

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claim do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code.

1. Administrative Expenses

a. Under 11 U.S.C. § 1123(a)(1), certain administrative expense claims are not required to be classified. For purposes of this Plan, such unclassified claims consist of the allowed administrative expense claims under 11 U.S.C. § 507(a)(2). Each holder of an allowed unclassified administrative expense claim will be paid on the Effective Date, as provided herein, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

The following chart lists the Debtor's estimated administrative expenses which are not classified and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
Professional Fees, as approved by the Court	Debtor's Bankruptcy Counsel: \$30,000 Debtor's Accountant: \$2,000 Debtor's Bankruptcy Co-Counsel: \$10,000 Total Professional Fees \$42,000	All Fee claimants have agreed that their Approved Fees will be paid in full on or before the Effective Date of the Plan, or according to a separate written agreement.
Clerk's Office Fees	None	Paid in full on the Effective Date of the Plan.
Office of the US Trustee Fees	\$650.00	Paid in full on the Effective Date of the Plan.
Total	\$42,650	

b. **Class 1. Administrative Expenses.** Class 1 consists of all other allowed claims entitled to priority under 11 U.S.C. § 507 (except administrative expense claims under 11 U.S.C. § 507(a)(2), priority wage claims under 11 U.S.C. § 507(a)(4), and priority tax claims under 11 U.S.C. § 507(a)(8)). Each holder of an administrative expense claim allowed under 11 U.S.C. § 503 will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. There are no filed claims in this class.

2. *Priority Tax Claims*

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a 11 U.S.C. § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The Debtor is not aware of any outstanding priority tax claims.¹

C. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan:

1. *Classes of Secured Claims*

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

a. **Class 2** consists of the secured claim of the Colorado Department of Revenue, which the Colorado Department of Revenue asserts is in the amount of \$4,427.00 and is secured by the Debtor's interest in all of its assets. The Debtor disputes that any funds are owed to the Colorado Department of Revenue. To the extent that any amount is due and owing to the Colorado Department of Revenue, the Debtor will pay the allowed claim including interest at the statutory rate in full within thirty (30) days of the Effective Date.

b. **Class 3** consists of the secured claim of Bellco, which claim is secured by the Debtor's interest in a 2014 Chevrolet SS (the "Chevy SS"). Prior to the Petition Date, Joseph Fanciulli was the owner of the Chevy SS, subject to a Retail Installment Sale Contract in favor of Bellco. Because the Debtor made all payments to Bellco on account of the Chevy SS, Mr. Fanciulli transferred the Chevy SS to the Debtor on March 10, 2017 pursuant to a Bill of Sale. Under the terms of the Bill of Sale, the Debtor agreed to continue making all payments on account of Bellco's lien. Class 3 is not impaired under the Plan. The Debtor will continue to make monthly payments to Bellco on account of its claim against the Chevy SS in accordance with the underlying loan documents.

c. **Class 4** consists of the secured claim of Bellco, which claim is secured by the Debtor's interest in a 2013 Chevrolet Camaro (the "Camaro"). Class 4 is impaired under the Plan.

¹ Taxing authorities have filed two proofs of claim in this case. The IRS filed a fully unsecured proof of claim, and the Colorado Department of Revenue asserted a secured claim without any claim of priority.

Prior to the Petition Date, Joseph Fanciulli was the owner of the Camaro, subject to a Retail Installment Sale Contract in favor of Bellco. Because the Debtor made all payments to Bellco on account of the Chevy SS, Mr. Fanciulli transferred the Camaro to the Debtor on March 10, 2017 pursuant to a Bill of Sale. Under the terms of the Bill of Sale, the Debtor agreed to continue making all payments on account of Bellco's lien.

On the Effective Date:

(a) The Debtor will retain its undivided interest in the Camaro subject to Bellco's lien.

(b) Bellco will have an allowed secured claim in the sum of \$18,575. Such claim shall bear interest at the rate of 3.64% per annum. The Debtor shall make equal monthly payments of \$339 of principal and interest, starting the first day of the first month after the Effective Date. Such claim shall be amortized over the course of 60 months with the balance of the claim to be paid on the first date of the first month of the fifth anniversary of the Effective Date.

(c) Upon payment of Bellco's allowed secured claim in full, Bellco will release its lien on the title of the Camaro.

(d) Bellco shall have an allowed Class 5 General unsecured claim for its deficiency of \$511.56, to be treated with the other creditors in Class 5.

2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (5), (6), and (7) of the Code are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment. The Debtor is not aware of any priority unsecured claims against it.

3. *Classes of General Unsecured Claims*

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Administrative convenience claims are any unsecured claims that are less than an amount that the Court approves as reasonable and necessary for administrative convenience.

a. **Class 5. General Unsecured Claims.** Class 5 shall be comprised of all creditors who hold Allowed Unsecured Claims against the Debtor, including any allowed claims, not subordinated by Order of the Bankruptcy Court, held by any governmental agency which are not related to actual pecuniary loss, by any employee of the Debtor in an amount in excess of \$12,475 or otherwise not subject to treatment under 11 U.S.C. § 507(a)(4), and any deficiency claim of any secured creditor. Class 5 is impaired under the Plan. Class 5 creditors shall receive pro-rata

distributions on an annual basis from the Debtor's Net Available Cash Fund within thirty (30) days of each anniversary of the Effective Date for a period of five (5) years.

4. *Equity Interests*

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members.

a. **Class 6** consists of the individuals and entities holding membership units in the Debtor. The Class 6 equity interests are impaired. The treatment of the Debtor's membership interest shall be cancelled subject to the provisions of this Plan. Within six (6) months of the Effective Date, Mr. Fanciulli shall pay the sum of \$50,000.00 of his own funds into the Net Available Cash Fund, to be distributed immediately to Allowed Class 5 Claims. In exchange, Mr. Fanciulli shall receive 100% of the outstanding membership interests of the Reorganized Debtor.

D. Means of Implementing the Plan

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the Debtor's income and operations. The Debtor's Forecast is attached as **Exhibit C**.

The Debtor has made certain assumptions in connection with its Forecast, which are as follows:

- a. A conservative growth estimated at 2-3% per year, each year;
- b. Consistent and uninterrupted work productivity; and
- c. Continued staffing rates at the Debtor's current levels.
- d. The Forecast is a very conservative forecast in that it does not include any anticipated revenue from other sources, including Century-Tel.
- e. In the event that the Plan is confirmed, Mr. Fanciulli has agreed to reduce his salary to \$125,000.00 annually which will provide for a greater return to the Debtor's creditors. That reduction in salary is not assumed in the projections.

2. *Establishment and funding of bank accounts held by the Debtor.*

On the Effective Date, the Debtor shall establish two separate bank account for funds to be held by the Debtor in order to insure performance of its obligations under the Plan. All funds held by the Reorganized Debtor for distribution under the Plan shall be held in accounts which are insured or guaranteed by the United States or by a department, agency or instrumentality of the United States or backed by the full faith and credit of the United States. The fund to be established is as follows:

- a. **Net Available Cash Fund:** Upon confirmation of the Debtor's Plan, and prior to the Effective Date, the Debtor will open a separate "Net Available Cash Fund" in a separate, interest bearing account. At the conclusion of each calendar quarter, the Debtor shall calculate its Net Profit in accordance with Generally Accepted Accounting Principle ("GAAP"), plus depreciation, less payments to any Allowed Class of priority creditors and shall deposit seventy (70%) of its Net Profit into the Creditor Fund. In the event that the Debtor's Net Profit exceeds its projections in a given year, the Debtor shall deposit 100% of the excess to the Net Available Cash Fund. Within 30 days of the first anniversary of the Effective Date and continuing each year thereafter, the Debtor shall make pro-rata distributions to each allowed Class 5 unsecured claim.
 - b. **Working Capital Account:** After confirmation of the Debtor's Plan, the Debtor shall open and maintain a Working Capital Account to meet its working capital needs such as replacement of furniture, fixtures, equipment, etc., as such items deteriorate or need to be replaced. At the conclusion of each calendar quarter, the Debtor shall calculate its Net Profit in accordance with Generally Accepted Accounting Principle ("GAAP"), plus depreciation, less payments to any Allowed Class of priority creditors and shall deposit the remaining thirty percent (30%) of its Net Profit into the Working Capital Account, except that if the Debtor's Net Profit exceeds its projected Net Profit, 100% of that Excess will be deposited into the Net Available Cash Fund, not the Working Capital Account. In addition, the Debtor shall maintain a minimum of \$25,000.00 in the Working Capital Account during the life of the Plan which will be used to pay any shortfall in any monthly payments to secured and/or priority creditors. Should the Debtor require the use of such reserve for secured and/or priority creditors, the Debtor shall immediately replenish the reserve with the first available Net Profit. The Debtor shall properly maintain the records of its Working Capital Account, including any disbursements out of such account for its capital needs, which shall be available to be reviewed by any creditor in accordance with the Disclosure Statement and the Plan.
3. *Payments to Creditors from Net Available Cash Fund.*
- (a) Commencing on the first anniversary of the Effective Date, the Reorganized Debtor shall distribute the amount in the Net Available Cash Fund to the Allowed Class 5 Creditors in order of priority under the Code. In the event any class of creditors has the same level of priority as another class, both classes shall receive distributions pro-rata. Such amounts shall be mailed within thirty (30) days after the anniversary of the Effective Date. The Debtor shall provide Allowed Class 5 Creditors with a summary calculation of the Net Available Cash Fund for the prior year at the time the distribution is mailed. Within six (6) months of the Effective Date, Mr. Fanciulli

shall deposit the sum of \$50,000.00 into the Net Available Cash Fund for immediate distribution to Allowed Class 5 Creditors as described above.

- (b) The payments from the Net Available Cash Fund shall continue for a period of up to five (5) years after the Effective Date of the Plan. Should the funds in the Creditor Fund satisfy the balance due to each Allowed Class 5 Creditor prior to the end of five (5) years from the Effective Date, the Debtor's obligations to such Creditors shall be deemed satisfied.

4. *Post-confirmation Management.*

After confirmation of the Debtor's Plan, the Debtor will continue to employ Joseph Fanciulli as its Chief Executive Officer and day to day manager. Mr. Fanciulli's current salary is \$136,296 which amount does not include reimbursement of expenses, including travel expenses related to OPDR. Mr. Fanciulli will continue his role during the performance of the Plan.

Post-confirmation, the Debtor shall have the authority to hire employees as necessary in the ordinary course of business without notice to or authority from any creditor or other party-in-interest herein. The Debtor has reduced its workforce significantly recently, including during the pendency of this case. As the scale of the Debtor's operations increases, however, the Debtor anticipates the need for a larger staff as well as additional time and expense of the executive team. These additional employment costs are built into the Debtor's Forecast.

E. Risk Factors

The proposed Plan has the following risks:

1. *General Economic Risk*

The Debtor's income is affected by general economic conditions. Consequently, its ability to make payments under the Plan could be affected. Should the general economic conditions deteriorate, the Debtor may not see the same sales levels and thus its revenues could decline with the lack of disposable income available to a consumer.

2. *Other Risks*

Historically, the Debtor's ability to thrive has been directly tied to Mr. Fanciulli's abilities as CEO. Mr. Fanciulli, however, is 70 years old. To the extent that Mr. Fanciulli has health issues that force him to stop operating the Debtor, that could have a negative impact on the Debtor's ability to generate revenue.

Additionally, the Debtor's model is based upon receiving a large volume of claims from cable and utility companies. To the extent that cable and/or utility companies increase their own

investment in house in pursuing claims, the Debtor's ability to generate revenue could be negatively impacted.

F. Executory Contracts and Unexpired Leases

As set forth below, the Plan lists all pre-petition executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your pre-petition unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

The Debtor assumes the following pre-petition executory contracts and/or unexpired leases effective upon the effective date of the Plan:

- i. Advanced Cable Communications.
- ii. Centurytel Service Group, LLC.
- iii. Comcast Cable Communications Management.
- iv. Comcast Cable Communications Washington.
- v. Comcast Chicago.
- vi. Rev Living Trust as Landlord to OPDR.
- vii. SuddenLink.

All other pre-petition executory contracts and unexpired leases that are not listed herein will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

A proof of claim arising from the rejection of an executory contract or unexpired lease under this section must be filed not later than thirty (30) days after the date of the order confirming this Plan.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are anticipated tax consequences of the Plan:

1. *Tax Consequences to the Debtor of the Plan.*

The Debtor does not believe that the Plan will have any material affect upon the Debtor. The Debtor has no meaningful pre-petition tax liability. To the extent that the Debtor incurs unexpected tax obligations post-petition, and/or make distributions to its owners to pay such tax obligations as the case may be, the Debtor expects to have sufficient income to pay both the tax obligations and make payments under the Plan.

2. *General tax consequences on creditors of any discharge.*

Confirmation of the Plan discharges the Debtor from any debt that arose before the date of such confirmation and any debt of a kind specified in 11 U.S.C. § 502(g), 502(h), or 502(i), whether or not: (i) a proof of claim is filed or deemed filed; (ii) such claim is allowed under 11 U.S.C. § 502; or (iii) the holder of such claim has accepted the Plan. Pursuant to 11 U.S.C. § 1141(d)(5), upon the entry of an order confirming this Plan by the Bankruptcy Court, the reorganized Debtor shall be discharged and released from, and hold all of its property free of all liabilities, liens, claims, and obligations of any nature or description except for those claims, liens, liabilities, and obligations provided for in the Plan. The terms of the confirmed Plan will bind the Debtor and all of its creditors with respect to payment of such claims.

The consequences on creditors of any discharge will result in a realized loss, if applicable, to the creditor. After the Plan is confirmed, any plan consideration will be considered a gain to be offset by the realized loss, if applicable.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 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 § 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 all Classes are impaired and that holders of all claims in those classes are therefore entitled to vote to accept or reject the Plan. To the extent a class

is not impaired, the Bankruptcy Code provides that creditors whose claims are not impaired 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 January 31, 2017.

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 § 1124 of the Code, a class is 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 §§ 507(a)(2), (a)(3), and (a)(8) of the Code;
- holders of claims or equity interests in classes that do not receive or retain 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 holds 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 “cram down” of 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 the more than one-half ($\frac{1}{2}$) 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 ($\frac{2}{3}$) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interest accepts the Plan if the holders of at least two-thirds ($\frac{2}{3}$) 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 § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a “cram down” 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 § 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.

The Debtor's Schedules show that the Debtor has non-exempt assets in the sum of \$559,836.85, which accounts for all of the Debtor's scheduled assets, less the secured claims encumbering the Debtor's vehicles. As described in the Debtor's liquidation analysis, after accounting for the costs of liquidating the Debtor's assets, the sum of \$241,961.85 will be available for distribution to unsecured creditors. A true and correct copy of the Debtor's Liquidation Analysis is attached hereto as **Exhibit D**.

By contrast, pursuant to the Debtor's Projections, the Debtor will pay the sum of not less than \$335,589.50 to general unsecured creditors over the life of the Plan, representing a 25.6% return to unsecured creditors on the principal amount of their claims over five years. Additionally, any dollar of profit earned by the Debtor on an annual basis above its projected Net Profit for that year shall be deposited into the Net Available Cash Fund for distribution to general unsecured creditors.

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 Debtor is administratively solvent. The Debtor further expects that after the Effective Date, the Debtors will have sufficient cash flow to fund payments to all classes of creditors. See **Exhibit C**.

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

The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Debtor has provided projected financial information in its Forecast which is attached as **Exhibit C**.

The Debtor's financial projections show that the Debtor will have sufficient annual cash flow to make a meaningful distribution to creditors over the Plan's life. The Debtor is in the early stages of reestablishing profitable operations. As noted in the Debtor's Forecast, the Debtor expects to see steady growth during the life of the Plan.

While not specifically detailed in the Debtor's projections, the Mr. Fanciulli has agreed to, upon the Effective Date, reduce his salary to \$125,000.00 per year. Between Mr. Fanciulli's reduction and salary and potential new revenue streams not included in the projections, the Debtor anticipates being able to make distributions to creditors above the amount identified in the Forecast.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

Discharge. Pursuant to 11 U.S.C. §1145(d)(1)(A), confirmation of the Debtor's Plan shall discharge the Debtor from any debt that arose before the date of such confirmation and any debt of a kind specified in 11 U.S.C. §502(g), 502(h), or 502(I), whether or not: (a) a proof of claim is filed or deemed filed; (b) such claim is allowed under 11 U.S.C. §502; or, (c) the holder of such claim has accepted the plan. Confirmation of the Plan also terminates all rights and interests of equity security holders and general partners provided for by the Plan. The Reorganized Debtor shall be entitled to seek injunctive relief from the Court, if necessary, to enforce any and all provisions of the Plan.

B. Modification of Plan

The Debtor 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.

VI. DEFAULT OF PLAN

6.01 In the event of any default by the Reorganized Debtor of any payment to any class of claimants arising under the terms of this Plan other than payment to CCC, the Reorganized Debtor shall have thirty (30) days within which to cure any default in payments due under this Plan after the date of issuance of written notice from any claim holder.

6.02 Written notice shall be provided to the Reorganized Debtor and to Debtors' counsel. For purposes of this section, the notice to Debtor's counsel shall be served upon Buechler & Garber, LLC, 999 18th Street, Suite 1230-S, Denver, Colorado 80202, unless written notice of substitution of legal counsel is served upon the claim holder at least fifteen (15) days prior to the date notice is sent.

6.03 In the event that the Reorganized Debtor fails to cure any default in the requirements to make payment under the Plan, within thirty (30) days from the date that written notice is sent in compliance with paragraph 10.02 of the Plan, the entire amount of the obligations dealt with under the Plan shall be immediately due from the Reorganized Debtor.

VII. GENERAL PROVISIONS

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

- a. "Administrative Expense" shall mean any cost or expense of administration of Chapter 11 allowed under 11 U.S.C. § 503(b).
- b. "Allowed Claim" shall mean (a) an unsecured claim against the Debtor which is set forth in the Debtor's schedules other than an unsecured claim against the Debtors scheduled by the Debtors as unknown, disputed, contingent or unliquidated; (b) an unsecured claim against the Debtors which has been filed pursuant to 11 U.S.C. § 501, and with respect to which no objection to the allowance thereof has been interposed within the deadlines set forth in this Plan, or as to which any objection has been determined by Final Order; provided however, that interest accrued on or after February 9, 2016, shall not be a part of any Allowed Claim. Allowed Claims may include, but are not limited to, claims that arise from the rejection of executory contracts.
- c. "Class" shall mean any class of creditors or interests described in Article II of the Plan.
- d. "Code" shall mean the Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, and any amendments thereof.
- e. "Confirmation" shall mean the entry by the Court of an order confirming the Plan in accordance with Chapter 11 of the Code.
- f. "Confirmation Date" shall mean the date on which the Plan is confirmed by the Bankruptcy Court.
- g. "Confirmation Order" shall mean a Final Order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code.
- h. "Contested Claim" shall mean shall mean any Claim which has been scheduled by the Debtor as disputed, contingent, or unliquidated or any Claim as to which an objection to the allowance thereof has been or will be filed within the deadline for filing of such objections set forth in Article V of this Plan. Contested Claims shall be treated under the provisions of Article V of this Plan until allowance or

disallowance of such claim has been determined by a Final Order. Contested claims include claims which the Debtor believe should be objected to in whole or in part. Contested claims further include any claims held by creditors against whom the Debtor believe actions may be brought under 11 U.S.C. §§ 544, 547, 548 or 549.

- i. “Disallowed Claim” shall mean any claim or portion thereof that has been disallowed by a Final Order of the Bankruptcy Court.
- j. “Disputed Claim” shall mean any claim which has been scheduled by the Debtor as unknown, disputed, contingent or unliquidated, or any claim as to which an objection has been filed and allowance or disallowance of such claim has not been determined by a Final Order.
- k. “Effective Date” shall mean the first business day following thirty (30) days after the date the order confirming the Plan becomes a Final Order.
- l. “Final Order” shall mean an order or a judgment as to which the time to appeal or seek review or rehearing has expired. In the event that an appeal or petition for rehearing is filed, an order or judgment shall be final unless an Order enters granting a stay pending appeal or petition for rehearing.
- m. “Income” shall mean all of the property of the Estate as defined by 11 U.S.C. §1115, but excluding any exempt portions under any and all applicable Federal and/or State exemption laws.
- n. “Net Available Cash Fund” shall mean that fund created by the Debtor by depositing all of its Net Available Cash at the conclusion of each month during the term of the Plan pending distributions to Allowed Class 12 Claimants as provided for under the Plan. This account shall be segregated in a separate bank account and held in trust pending distribution. In the event the Debtor pursues any preference claims or avoidance actions under the Bankruptcy Code, the net proceeds, after payment of legal fees and expenses, will be added to the Creditor Fund
- o. “Net Profit” shall mean the Reorganized Debtor’s Net Income calculated in accordance with Generally Accepted Accounting Principles (“GAAP”), plus depreciation, less payments to Allowed Classes of secured and priority creditors.
- p. “Personal Property” shall mean all of the Debtor’s personal property as identified on the Debtor’s Schedules filed in connection with its Bankruptcy Case, subject to all applicable exemptions.
- q. “Petition Date” shall mean October 28, 2016, the date upon which the Debtor filed for relief.
- r. “Post-petition” shall mean anytime on or subsequent to October 28, 2016.
- s. “Preference Recovery Funds.” All net proceeds from the prosecution of any and all claims pursuant to 11 U.S.C. §§ 544, 547, 548, 549, and 550, in the event the Debtor pursues such claims or actions under the Bankruptcy Code, after payment of legal fees and expenses.
- t. “Pre-petition” shall mean anytime prior to October 28, 2016.
- u. “Pro Rata” shall mean with respect to any claimant, the percentage which the allowed Claim of a creditor bears to the sum of all Allowed Claims in the same class as such Allowed Claim.

- v. “Unimpaired” A class of claims or interests is “unimpaired” in accordance with 11 U.S.C. §1124 if the legal, equitable and/or contractual rights of the holders of such claims or interests are not altered under the Plan.
- w. “Unsecured Claims” shall mean the Allowed Claims against the Debtor which are unsecured and which are other than Allowed Priority Claims and Allowed Administrative Expenses, and shall include any Deficiency Claim(s) arising to the holder of an Allowed Secured Claim, pursuant to the provisions of 11 U.S.C. §506, after a hearing pursuant to the applicable Federal Rules of Bankruptcy Procedure or resulting from any agreement reached between the Claimant and the Debtor in which it was determined that the value of the collateral securing the claim was less than the Allowed Claim.
- x. “Unsecured Creditors” shall mean the holders of allowed Unsecured Claims against the Estate.
- y. “Working Capital Account” shall mean that separate bank account maintained by the Debtor to meet its working capital needs such as replacement of furniture, fixtures, equipment, etc., as such items deteriorate or need to be replaced.

7.02 Retention of Jurisdiction. The Reorganized Debtor reserves the right to reopen the Chapter 11 Case after Confirmation and dismissal for the purposes set forth in this paragraph. The Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case for the following purposes:

- (1) To hear and determine any and all objections to the allowance of Claims or Interests.
- (2) To determine any and all applications for allowances of compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code or the Plan, to the extent such claim was incurred prior to the Effective Date.
- (3) To hear and determine any and all pending applications for the rejection or assumption, or for the assumption and assignment, as the case may be, of executory contracts or unexpired leases to which the Debtor is a party, and to hear and determine any and all Claims arising therefrom.
- (4) To hear and determine any and all applications, adversary proceedings, and contested or litigated matters that may be pending on the Effective Date or instituted by the Reorganized Debtor thereafter.
- (5) To consider any modifications of the Plan, to remedy any defect or omission, or reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including the Confirmation Order.
- (6) To hear and determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, or consummation of the Plan.

(7) To consider and act on the compromise and settlement of any claim or cause of action by or against the Debtor that arose prior to the Petition Date or in connection with the Bankruptcy Case and where the original claim or cause of action is in excess of \$50,000.00.

(8) To issue orders in aid of execution of the Plan as contemplated by 11 U.S.C. § 1142.

(9) To determine such other matters as may be set forth in the Confirmation Order or which may arise in connection with the Plan or the Confirmation Order.

7.03 Severability. If any provision in the 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 the Plan.

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

7.05 Captions. The headings contained in this Disclosure Statement and the Plan are for convenience of reference only and do not affect the meaning or interpretation of the Plan.

7.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law including the Code or the Federal Rules of Bankruptcy Procedure, the laws of the State of Colorado govern the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise provided in the Plan.

Dated May 19, 2017.

Outside Plant Damage Recovery, LLC

/s/ Joseph Fanciulli, CEO

By: Joseph Fanciulli, CEO

BUECHLER & GARBER, LLC

/s/ Kenneth J. Buechler

Kenneth J. Buechler, #30906

999 18th Street, Suite 1230-S

Denver, Colorado 80202

Tel: 720-381-0045

Fax: 720-381-0382

ken@BandGlawoffice.com

ATTORNEYS FOR THE DEBTOR