

United States Bankruptcy Court  
District of Connecticut

In re MED-X TRANS, INC.,

Case No. 15-21942(jam)  
Small Business Case Under Chapter 11

Debtor

October 13, 2016

**MED-X TRANS, INC.'S SECOND AMENDED DISCLOSURE STATEMENT**

I. INTRODUCTION

This is the second amended disclosure statement (the "Disclosure Statement") in the small business Chapter 11 case of Med-X Trans, Inc., a Connecticut corporation which filed a Chapter 11 bankruptcy petition on November 6, 2015 which has been given the case number 15-21942. Med-X Trans, Inc. is a Connecticut corporation. Med-X Trans, Inc. is putting forth this Disclosure Statement and a Plan of Reorganization seeking to pay Med-X Trans, Inc.'s creditors over an eight (8) year period. Med-X Trans, Inc. will continue to move forward with its business operations and successful consummation of its reorganization efforts. This Amended Disclosure Statement contains additional information about the Debtor, Med-X Trans, Inc., and describes the Second Amended Chapter 11 Plan of Reorganization proposed by Med-X Trans, Inc. (the "Plan"). A full copy of 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 9-14 of this Disclosure Statement (General unsecured creditors are classified in Class V and will receive a distribution of 100% of their proven and allowed claims at 3% interest per annum over an eight (8) year period.

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 interests of the type you hold (*i.e.*, what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the “Court”) will consider when deciding whether to confirm the Plan,
- Why the Proponents believe 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 Objecting; 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.

The hearing at which the Court will determine whether to approve the Debtor’s Plan and confirm the Plan will take place on December 6, 2016 at 12:00 noon at the United States Bankruptcy Court, 915 Lafayette Blvd., Room 123 Courtroom, Bridgeport, CT 06604.

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 to Attorney Anthony S. Novak, Novak Law Office, P.C., 280 Adams Street, Manchester, CT 06040. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by Attorney Novak on or before November 21, 2016 or it will not be counted.

3. *Deadline For Objecting to the [Adequacy of Disclosure and] Confirmation of the Plan*

Objections to the confirmation of the Plan must be filed with the Court and served upon the Debtor, Debtor’s Counsel Anthony S. Novak and the Office of the United States Trustee by November 21, 2016.

4. If you want additional information about the Plan, you should contact Anthony S. Novak, Esq., Novak Law Office, P.C., 280 Adams Street, Manchester, CT 06040, a representative of the Plan Proponent.

C. **Disclaimer**

*The Court has approved 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 has approved this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. [The Court’s hearing on confirmation of the Plan is scheduled for December 6, 2016 at 12:00 noon. Objections to the Debtor’s Plan of Reorganization may be filed until November 21, 2016.*

II. **BACKGROUND**

A. **Description and History of the Debtor’s Business**

The Debtor, Med-X Trans, Inc. (Trans Inc.™) is a Connecticut corporation that was formed in 2012. Its principal business is providing transportation to clients for non-emergency medical appointments. Its primary client is the State of Connecticut, Department of Social Services. These services are coordinated through a third-party brokerage company hired by the State of Connecticut known as Logisticare Solutions, LLC. Trans Inc. maintains a fleet of approximately eighteen (18) vehicles used in providing transportation services to those clients as requested by Logisticare Solutions, LLC. The Debtor leases its business premises located at 226 Norwich Road, Plainfield, CT from unrelated third parties and has an option to purchase said premises for approximately \$320,000.00. The Debtor intends to exercise its option to purchase said real property and is negotiating with the landlord and first mortgage holder on said real property, People’s Bank, in an attempt to purchase said real property.

Trans, Inc. also provides non-emergency medical transport services to the United States Coast Guard Academy in New London. The fleet vehicles are serviced and repaired through Trans, Inc.’s in house garage and repair facility. As ancillary business, Trans Inc. and its affiliated company, Med-X Enterprises, provides vehicle repair services to the general public, repairs and sells used vehicles and provides towing services as an authorized provider to the American Automobile Association (“AAA”). Therefore, there is diversified income/profit potential from these various endeavors.

B. **Insiders of the Debtor**

The Debtor is a Connecticut corporation, its officers and the percentage of ownership prior to the Chapter 11 bankruptcy filing was as follows:

<u>Name/Address</u>	<u>Title</u>	<u>Nature and Percentage of Stock Ownership</u>	<u>Pre-Bankruptcy Salary</u>
Angelia Viele Danielson, CT	Sr. President	80% ownership interest	\$52,000/yr
Hugh Viele Danielson, CT	Treasurer	10% ownership interest	\$52,000/yr

Kevin Reen Plainfield, CT	Secretary	10% ownership interest	\$80,000/yr
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After the filing of the bankruptcy petition, the Debtor's officers and shareholders were as follows:

<u>Name/Address</u>	<u>Title</u>	<u>Nature and Percentage of Stock Ownership</u>	<u>Salary</u>
Angelia Viele Danielson, CT	Sr. President	80% ownership interest	\$41,600*
Hugh Viele Danielson, CT	Treasurer	10% ownership interest	\$41,600*
Kevin Reen Plainfield, CT	Secretary	10% ownership interest	\$85,124*

*\*Note: All three officers work 60+ hours per week for the Debtor.*

### C. Management of the Debtor Before and During the Bankruptcy

During the one year prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were as set forth in Paragraph B above.

After the effective date of the order confirming the Plan, the directors, officers, and voting trustees of the Debtor, any affiliate of the Debtor participating in a joint Plan with the Debtor, or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be Angelia Viele, Hugh Viele and Kevin Reen. The responsibilities and compensation of these Post Confirmation Managers are as follows:

Angelia Viele:	Processes payroll, insurances, contracts, account payables, account receivables and acts as general manager of office operations, including human resources. \$41,600 annual salary
Hugh Viele:	Prepares financials, schedules drivers and office employees and creates daily schedules for client pickups and appointments. In charge of used car purchases and sales, responsible for accounting, scheduling and financial operations of the Debtor. \$41,600 annual salary
Kevin Reen:	In charge of garage operations, including vehicle repairs, maintenance of company fleet and tow truck. Compliance officer for all DMV regulations. Is General Manager of all repair and towing operations. Also in charge of small engine repair and servicing and supervises and schedules all garage employees. \$85,124 annual salary

D. Events Leading to Chapter 11 Filing

From a minor provider of transportation services in 2008, the Debtor's principals grew its business into Med-X Trans, Inc. into 2012. The service calls and fleet vehicles increased dramatically during this time period under the leadership of Hugh Viele and Ralph Manzelli. However, in 2013, Ralph Manzelli left the company to pursue other ventures. The remaining founder of the company, Hugh Viele, suffered a severe heart attack on June 5, 2012 and thereafter Hugh and his wife, Angelia Viele, were absent from the company for long periods of time. The management of the Debtor was then conducted by other third party individuals who mismanaged the business operations and allowed the company to slip into arrears on its obligations to creditors, including payments due and owing to the Internal Revenue Service. Call volume and income sank to incredible lows during this time period with substitute management not providing the proper oversight and corrections to remedy the falling revenue and rising expenses.

In an attempt to save the company, the Vieles entered into a Joint Venture Agreement with Wright IT Systems, Inc. on July 21, 2014 wherein the Vieles turned over management and financial responsibilities of Trans Inc. to Gary Wright. Gary Wright claimed he was in the business of restructuring troubled companies. Gary Wright had previously provided Trans Inc. with services regarding its IT operations and was familiar with the Debtor's business. Under Gary Wright's leadership, Trans Inc. continued to deteriorate. Its call volumes and income decreased and its expenses increased. In response, the Vieles sought the advice of an experienced bankruptcy attorney, Attorney Anthony S. Novak of Manchester, CT to explore alternatives available to Trans Inc. and Med-X Transportation, LLC, a related entity to the Debtor that at one time had undertaken some of the services provided by the Debtor, Med-X Trans, Inc. A decision was made on August 2, 2014 that both Med-X Trans, Inc. and Med-X Transportation, LLC should seek immediate protection under Chapter 11 of the Bankruptcy Code as the company's cash flow problems would not allow it to continue to operate without immediate relief. Consequently, two Chapter 11 petitions were filed on August 28, 2014 in the United States Bankruptcy Court which were given Case Nos. 14-21715 (Med-X Trans, Inc.) and 14-21716 (Med-X Transportation, LLC). Gary Wright continued to maintain his position post-bankruptcy filing with the Debtor pursuant to the July 21, 2014 Joint Venture Agreement with the Debtors.

Although the Vieles were assisting in the Chapter 11 proceedings, Gary Wright was still exercising his management authority over the Debtor pursuant to the Joint Venture Agreement. The Vieles believed that the Debtors were complying with all post-petition obligations and responsibilities. However, in early September 2014, Anthony S. Novak, as counsel to the Debtors became increasingly concerned and notified the Vieles that the Debtors were not in full compliance with their post-petition obligations and responsibilities. The Vieles then conducted a thorough review of the Debtors' post-petition operations and discovered that Gary Wright was not paying post-petition obligations, had allowed the call volume from the State of Connecticut to drop to dangerously low levels and had been taking excessive draws or compensation for himself and his staff. Upon the discovery of these facts, the Vieles took immediate steps, including confronting Gary Wright, notifying the Office of the United States Trustee and seeking court rejection of the Joint Venture Agreement with Wright IT Systems, LLC/Gary Wright. In addition, the Vieles sought court approval for the appointment of Roy David, a longtime member of the Turnaround Management Consulting Group. Both Mr. David and the Turnaround Management Consulting Group are professional workout and restructuring specialists with a long history and track record in assisting companies with reorganization efforts, including those companies in Chapter 11 proceedings. Mr. Roy David was appointed by the court on October 16, 2014 to review and, if necessary, to manage the Debtor's operations.

Upon Mr. David's arrival at Trans Inc. and his assumption of operations, call volume, and hence income, increased and expenses were reduced. Mr. David also terminated numerous unnecessary employees, including Gary Wright and many members of Mr. Wright's staff. Budgets and control mechanisms were put in place to increase revenues and reduce expenses. Hugh Viele and Angelia Viele increased their hours and commitment to the reorganization efforts and are working full time at Trans Inc. Mr. David also recommended the rejection of numerous unproductive contracts and leases, including the rejection of the contract between Wright IT Systems, Inc. (Gary Wright) and Guardian Tax Consulting, Inc. (an accounting firm affiliated with Gary Wright). The court approved the rejection of these contracts on December 4, 2014 in the former Chapter 11 cases.

Upon the departure of Gary Wright and his associates, it was soon discovered that various company books and records could not be located and/or were in disarray. It was also discovered that many post-petition bills and obligations of the Debtor had not been paid. Total unpaid post-petition obligations including, in part, post-petition taxes owed to the Local, State and Federal tax authorities, totaled Two Hundred Thousand Dollars (\$200,000.00).

Faced with a situation which would normally have been a shutdown and liquidation of the business, the Vieles, with the assistance of Roy David, immediately took steps to stabilize and resuscitate the business. Both management and regular employees fought hard to keep the business open so as to allow it the opportunity to correct deficiencies and maintain future profits for the benefit of creditors. From the period of January 1, 2015 through July 31, 2015, the Debtor paid down approximately \$150,000.00 of its post-petition past due indebtedness, including various post-petition tax obligations.

However, the extensive efforts expended by the Debtors to correct the mismanagement and fiscal irresponsibility of the former manager, Wright It Systems, Inc., resulted in the Debtors failing to reach certain crucial filing deadlines with the Bankruptcy Court resulting in the Court dismissing the Chapter 11 case of Med-X Trans, Inc., Case No. 14-21715 and dismissing the Chapter 11 case of Med-X Transportation, LLC, Case No. 14-21716, both on November 6, 2015.

Fortunately for the Debtor, the dismissals of the two Chapter 11 cases were without prejudice, so as to allow the Debtor to file new Chapter 11 petitions with the Court. On November 6, 2015, Med-X Trans, Inc. filed its current Chapter 11 petition which has been given the Case No. 15-21942 and which is the subject of this Disclosure Statement and proposed Plan of Reorganization. Med-X Transportation, LLC, the other former debtor in Case No. 14-21716 did not file a new Chapter 11 bankruptcy petition and is not in any bankruptcy proceeding at this time. Med-X Transportation, LLC has not operated since the dismissal of its Chapter 11 bankruptcy petition and maintains no ongoing affiliation or operations with Med-X Trans, Inc., the Debtor in this Chapter 11 proceeding.

The Plan of Reorganization for Med-X Trans, Inc. in this current Chapter 11 filing is that the Debtor's profits will be utilized to pay all proven and allowed pre-petition creditors' claims One Hundred Percent (100%) over an eight (8) year period commencing January 20, 2017. Attached to this Disclosure Statement as Exhibit G are Debtor's Income and Expense Projections indicating the cash flow of the Debtor's businesses. Said projections are based upon Debtor's past financial performances and on Debtor's last six months of filed Operating Reports for the months of April 2016 through September 2016.

E. **Significant Events During the Bankruptcy Case of Med-X Trans, Inc.  
Case No. 15-21942**

1) Attorney Anthony S. Novak was appointed by the Bankruptcy Court to serve as attorney for Med-X Trans, Inc. Attorney Novak has, and continues to, serve as Chapter 11 Debtor's counsel. It is believed that Attorney Novak's professional fees and costs incurred in regard to these matters will be approximately \$95,000.00. Said fees are subject to application and court approval.

2) Roy David continues to serve as Management Consultant to Med-X Trans, Inc. and is employed by Med-X Trans, Inc. part time as a W-2 employee.

3) The Debtor continues to expand its transportation services and increase its revenues by expanding its workload and contracts, including increases in service calls and towing services for AAA. In July 2016 and August 2016, the Debtor added two additional tow trucks to its existing fleet (now four tow trucks) to manage the expanded workload given to it by AAA within the last three months. This expanded workload is by contract between Debtor and AAA and is projected to increase the Debtor's gross profit margin by \$7,000-\$10,000 per month.

4) The Debtor has completed extensive forensic reconstruction of its obligations and payments made to the Internal Revenue Service for both pre-petition and post-petition tax obligations which has resulted in the Debtor's supportable position that Med-X Trans, Inc. is not obligated to the United States of America, Internal Revenue Service ("IRS") for \$1,120,943.06 as set forth in Claim No. 11-1 filed by the IRS in this Chapter 11 case and as later amended by the IRS in Claim No. 11-2 and further amended by the IRS in Claim No. 11-3. Rather, the Debtor's records indicate that Med-X Trans, Inc. owes little or no tax obligations to the IRS. The Debtor has filed with the Court an objection to Claim No. 11-1, 11-2 and/or 11-3 filed by the IRS and is seeking a determination by the Bankruptcy Court of the Debtor's tax liability owed to the IRS pursuant to 11 USC Sec. 505. In the event the Debtor, Med-X Trans, Inc.'s obligations as set forth in Claim No. 11-2 is found due and owing by the Court, the Debtor shall pay said proven and allowed obligations 100% over a 5-year period as further set in the Debtor's Reorganization Plan.

5) The Debtor has completed extensive forensic reconstruction of its obligations and payments made to the State of Connecticut, Department of Revenue Services ("DRS") for both pre-petition and post-petition tax obligations. Debtor does not object to the State's claim of for \$95,578.15 as set forth in Claim No. 19 filed by the DRS in this Chapter 11 case. All DRS obligations found due and owing by the Court shall be paid 100% with 12% interest per annum over a 5-year period through the Debtor's Reorganization Plan. The Debtor has discovered that it may have a claim against the State of Connecticut, Department of Social Services for mileage payments due the Debtor pursuant to its service contract with the State of Connecticut for unpaid and past due mileage reimbursement of approximately \$300,000-\$600,000. The Debtor intends to seek reimbursement from the State for all sums due under the mileage contract.

6) Angelia Viele, Hugh Viele and Ralph Manzelli have been assessed by the IRS as responsible persons for certain tax obligations claimed to be owed to the IRS by the Debtor. The Debtor's Proposed Plan provides that all payments to the IRS or State of Connecticut DRS first be applied to Trust Fund Taxes. In the alternative, the Debtor intends to seek Bankruptcy Court authority to direct application of all payments to the IRS and DRS first to Trust Fund taxes in this Chapter 11 reorganization which have been assessed against the Vieles and/or Manzelli.

**F. Projected Recovery of Avoidable Transfers**

The Debtor believes it may have possible claims against Wright IT Systems, Inc. and/or Gary Wright for preference and/or fraudulent conveyances. The Debtor intends to pursue said claims in the Bankruptcy Court. Any net recoveries would inure to the benefit of the creditors.

The Debtor estimates that up to \$50,000.00 may be realized from the recovery of fraudulent, preferential or other avoidable transfers. While the results of litigation cannot be predicted with certainty and it is possible that other causes of action may be identified, the following is a summary of the preference, fraudulent conveyance and other avoidance actions filed or expected to be filed in this case:

Transaction	Defendant	Amount Claimed
Possible fraudulent conveyance	Wright IT Systems, Inc. and/or Gary Wright	\$50,000+/-

**G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, 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 disputed claims are set forth in Article V of the Plan.

**H. Current and Historical Financial Conditions**

The identity and fair market value of the estate's assets are listed in Exhibit B and total \$222,000.41 as of June 30, 2016.

The Debtor has not issued financial statements either before or after the bankruptcy filing.

The most recent post-petition operating report for the periods of April 2016-September 30, 2016 filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D. The Debtor's amended periodic operating reports filed since the commencement of the Debtor's bankruptcy case is on file with the Bankruptcy Court and the Debtor's projections of future income demonstrates that the Debtor's operations support the payments as set forth in the proposed Plan.

**III. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

**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.



Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims 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. As such, the Plan Proponent has *not* placed the following claims in any class:

1. *Administrative Expenses*

Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses and their proposed treatment under the Plan:

Type	Estimated Amount Owed	Proposed Treatment
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	\$0.00	N/A
Professional Fees, as approved by the Court. 1) Legal fees and costs of Atty. Anthony Novak	\$95,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement through monthly account receivables collection, or according to court order if such fees have not been approved by the Court on the effective date of the Plan. All proven and allowed professional fees shall be paid not less than \$1,000 per month until paid in full.
Clerk's Office Fees	\$0.00	Paid in full on the effective date of the Plan
Other administrative expenses	\$0.00	Paid in full on the effective date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	\$5,000.00 (est)	Paid in full on the effective date of the Plan
<b>TOTAL</b>	<b>\$100,000.00</b>	

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 § 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 following chart lists the Debtor's estimated § 507(a)(8) priority tax claims based on proof of claims filed in this case by Federal and State taxing authorities. Said priority claims have not been assigned a Class. The Debtor disputes said priority claims and has filed motions with the Bankruptcy court objecting to said claims. However, in the event said claims are proven and allowed, the Debtor proposes to pay said priority claims in its Plan as follows:

Description (name and type of tax)	Estimated Amount Claimed	Date of Assessment	Treatment
Internal Revenue Service FICA and FUTA taxes	\$143,771.50 per proof of claim 11-2  (disputed)	2/10/14 to  12/31/14	Pmt interval = monthly Monthly Payment = \$2,583.39 Begin date: 11/20/16 End Date: 11/20/21 Interest Rate: 3% Total Payout Amount: \$156,003.14
State of Connecticut, Dept. of Revenue Services  Sales & Use and Withholding	\$35,094.23 per proof of claim  (disputed)	3/20/13	Pmt interval = monthly Monthly Payment: \$924.17 Begin date: 11/20/16 End Date: 11/20/20 Interest Rate: 12% Total Payout Amount: \$44,359.95
Town of Plainfield, Tax Collector  Personal Property Taxes	\$3,749.00 per proof of claim	3/2013	Pmt interval = monthly Monthly Payment: \$144.62 Begin date: 1/5/17 End Date: 1/5/20 Interest Rate: 18% Total Payout Amount: \$5,206.00

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].

The following chart lists all classes containing Debtor's secured prepetition claims based on proof of claims filed in this case. The Debtor disputes the amount of the secured claims filed by the IRS taxing authorities and has filed motions with the Bankruptcy Court objecting to said claims. However, in the event said claims are proven and allowed, the Debtor proposes to pay the secured claims of IRS pursuant to Claim No. 11-2 filed by the IRS as follows:

Class No.	<u>Description</u>	Insider? (Yes or No)	Impairment	Treatment
Class I	<p><i>Secured claim of:</i> United States of America, Internal Revenue Service</p> <hr/> <p>Collateral description = UCC All Assets</p> <p>Disputed Secured Amount = \$154,537.94 per proof of claim #11-2</p> <p>Total secured claim = \$154,537.94</p>	NO	Impaired Per disputed proof of claim	<p>Monthly Pmt = \$2,776.84 Pmts Begin = 11/20/16 Pmts End = 11/20/21 Term = 5 years Interest Rate = 3% Treatment of Lien = secured Total payment = \$166,610.67</p>
Class II	<p><i>Secured claim of:</i> State of Connecticut, Department of Revenue Services</p> <hr/> <p>Collateral description = UCC All Assets</p> <p>Disputed Secured Amount = \$56,860.71</p> <p>Total secured claim = \$56,860.71</p>	NO	Impaired	<p>Monthly Pmt = \$1,497.36 Pmts Begin = 11/20/16 Pmts End = 11/20/20 Term = 4 years Interest Rate = 12% Treatment of Lien = secured Total payment = \$71,873.31</p>

Class III	<p><i>Secured claim of:</i> Ford Motor Credit Company, LLC</p> <p>Collateral description = Motor Vehicle Title Lien on 2012 F550 (Vin #1911)</p> <p>Allowed Secured Amount =</p> <p>Total secured claim = \$32,797.00</p>	NO	Impaired	<p>Monthly Pmt = \$1,929.25 Pmts Begin = 4/30/16 Pmts End = 10/30/17 Term = 17 mos. Interest Rate = 8.29% Treatment of Lien = secured Total payment = \$32,797.25</p>
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Class IV	<p><i>Secured claim of:</i> Ford Motor Credit Company, LLC</p> <p>Collateral description = Motor Vehicle Title Lien on 2012 F350 (Vin #3527)</p> <p>Allowed Secured Amount = \$31,500.00</p> <p>Total secured claim = \$31,500.00</p>	NO	Impaired Per Stipulated Agreement	<p>Monthly Pmt = \$947.52 Pmts Begin = 5/14/16 Pmts End = 5/14/19 Term = 3 years Interest Rate = 5.25% Treatment of Lien = secured Total payment = \$34,110.72</p>
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	<p><b>Terms of the payments to Ford Motor Credit Company as to Class IV, the secured claim of Ford as to a 2012 F-350 (Vin#3577) in the amount of \$947.52 per month shall be governed by a certain Stipulated Order (Doc ID #57) which was entered into by the parties on May 13, 2016, which Order and terms therein are hereby incorporated into the Debtor's Plan of Reorganization</b></p>			
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2. *Classes of Priority Unsecured Claims*

Certain priority claims that are referred to in §§ 507(a)(1), (4), (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 following chart lists all classes containing claims under §§ 507(a)(1), (4), (5), (6), and (a)(7) of the Code and their proposed treatment under the Plan:

Class No.	Description	Impairment	Treatment
NONE			

3. *Class[es] 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.

The following chart identifies the Plan's proposed treatment of Class VI, which contain general unsecured claims against the Debtor: —

Class No.	Description	Impairment	Treatment
V	General Unsecured Class  Total approximately \$350,000.00 (including disputed unsecured claims of IRS per Claim #11-2 and unsecured claim of DRS per Claim #19 if proven and allowed)	Impaired	Monthly Pmt = \$4,105.35 (payment applied pro rata) Pmts Begin = 1/30/18 Pmts End = 1/30/26 Term = 8 years Interest Rate = 3% Est. Percent of claim paid = 100% Total payment: \$394,113.62

4. *Class[es] of Equity Interest Holders*

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. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

The following chart sets forth the Plan's proposed treatment of the class[es] of equity interest holders: [There may be more than one class of equity interests in, for example, a partnership case, or a case where the prepetition debtor had issued multiple classes of stock.]

Class No.	Description	Impairment	Treatment
VI	Equity interest holders	Impaired	After confirmation of the Plan, Angelia Viele shall hold 80% of the Reorganized Debtor. Hugh Viele shall hold 10% of the Reorganized Debtor and Kevin Reen shall hold 10% of the Reorganized Debtor. Any and all other equity interest holders and/or former equity interest holders shall be divested of any and all interests in the reorganized Debtor.

**D. Means of Implementing the Plan**

1. *Source of Payments*

Payments and distributions under the Plan will be funded by the following:

Future profits of the Debtor as set forth in Debtor's 8-year projects attached as Exhibit G.

2. *Post-confirmation Management*

The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Hugh Viele	Shareholder	Yes	Treasurer	\$41,600/yr
Angelia Viele	Shareholder	Yes	President	\$41,600/yr
Kevin Reen	Shareholder	Yes	Secretary	\$85,124/yr

**E. Risk Factors**

The proposed Plan has the following risks: The proposed payments under the Plan are to be funded from future profits of the Debtor as set forth in the attached projections. Said projections assume that the Debtor will continue to receive its customary pickup call volume of a minimum of 250 calls per day from the State of Connecticut and that the AAA contracts will continue to produce the call volumes recently experienced by the Debtor. In the event the call volume decreases significantly for either endeavor, then the projected future profits will not be available to fund the Plan. The projections also assume that the Debtor's used car sale operations will continue to rise slightly.

The Plan in Article VI lists all 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. Article VI may also state how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your 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.

All executory contracts and unexpired leases that are not listed in Article VI will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

***[The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is NOVEMBER 21, 2016. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.]***

#### G. Tax Consequences of Plan

The following are the anticipated tax consequences of the Plan: (1) Tax consequences to the Debtor upon confirmation of the Plan should be negligible as Debtor is not discharging debt and has large loss carry forwards available to it to offset any future profit payable under the Plan; (2) General tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation are factors that may affect creditors differently and ***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.***

#### 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 classes I-VI are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

***The deadline for filing a proof of claim in this case was MARCH 10, 2016.***

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote*

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

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not “allowed claims” or “allowed equity interests” (as discussed above), unless they have been “allowed” for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- administrative expenses.

***Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan [and to the Adequacy of the Disclosure Statement].***



4. *Who Can Vote in More Than One Class*

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

**B. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2.].

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

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by §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. A liquidation analysis is attached to this Disclosure Statement as Exhibit E.

#### D. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

##### 1. *Ability to Initially Fund Plan*

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date or that it has reached agreement with these types of claimants to pay said claims over time. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

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

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit G.

The Plan Proponent's financial projections as set forth in Exhibit G demonstrate that the Debtor will have an aggregate monthly annual average cash flow, after paying operating expenses and post-confirmation taxes, of \$12,000.00. The final Plan payment is expected to be paid on December 31, 2023. The Debtor's projections are for the period of October 31, 2016 through December 31, 2023 (7 years). The projections provide for a payout of One Hundred Percent (100%) with interest at Three Percent (3%) per annum paid out over five (5) years for the proven and allowed secured tax claims of the United States of America, Internal Revenue Service and Twelve Percent (12%) to the State of Connecticut, Department of Revenue Services on its secured tax claims.

The projections utilize higher used car sales than have historically occurred. Used car sales in the past have been limited due to Debtor's inability to purchase used car inventory at auction. However, reduced expenses and better sales promotion and visibility have enabled the Debtor to increase its used car sales significantly as set forth in the projections.

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

specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

**B. Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or revoting on the Plan.

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

**C. Final Decree**

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Plan Proponent, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

PLAN PROPONENT: MED-X TRANS, INC.  
(Debtor)

By:  Vice President

\_\_\_\_\_  
Hugh Viele, Sr. Vice President

The following Second Amended Disclosure Statement and the information set forth therein have been represented to me to be true and accurate by Hugh Viele of Med-X Trans, Inc.

By: /s/ Anthony S. Novak  
Anthony S. Novak, Esq.  
Fed. Bar #ct09074  
Novak Law Office, P.C.  
280 Adams Street  
Manchester, CT 06040  
Tel: 860-432-7710  
Email: [anthonymsnovak@aol.com](mailto:anthonymsnovak@aol.com)  
Attorney for Plan Proponent