

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION**

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In re: : CHAPTER 11
 :
STATE DRIVE-IN CLEANERS, INC. : CASE NO.: 16-50502
 :
 :
Debtor : DATE: February 9, 2017
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**FIRST CORRECTED
FIRST AMENDED DISCLOSURE STATEMENT**

PURSUANT TO § 1125 OF THE BANKRUPTCY CODE FOR
SOLICITATION OF ACCEPTANCES OR REJECTIONS TO
DEBTOR'S PLAN OF REORGANIZATION.

THIS DISCLOSURE STATEMENT IS DISSEMINATED TO THE HOLDERS
OF CLAIMS AGAINST AND INTERESTS IN
THE ABOVE-NAMED DEBTOR IN CONNECTION WITH
SOLICITATION OF THE ACCEPTANCE OR REJECTION OF
THE DEBTOR'S PLAN OF REORGANIZATION.

I

INTRODUCTION

STATE DRIVE IN CLEANERS, INC (hereinafter “Debtor”) filed a voluntary Bankruptcy Petition under Chapter 11 of the United States Code (The Code) in the United States Bankruptcy Court for the District of Connecticut at Bridgeport under Case No. 16-50502 (the “Chapter 11 Case”) On April 12, 2016, (the “Filing Dated”). The Debtor has continued in the operation of its business and management of its assets since the filing date as Debtor-in-Possession.

The Debtor has filed together with this Disclosure statement its proposed Plan of Reorganization (The “Plan”) with the Bankruptcy Court. The Plan (a copy of which accompanies this Disclosure Statement as Exhibit "A") specifies the classes of the Debtor's creditors and the treatment of the claims and interest of such creditors. Pursuant to § 1126 of the Bankruptcy Code, the Debtor is soliciting acceptances of the Plan from the classes of creditors impaired by and entitled to vote on the Plan.

THE PLAN IS THE LEGALLY BINDING DOCUMENT. THE DESCRIPTIONS OF THE PLAN IN THIS DISCLOSURE STATEMENT ARE SUMMARIES ONLY AND THE PLAN SHOULD BE READ IN ITS ENTIRETY BEFORE VOTING. TERMS USED HEREIN SHALL HAVE THE RESPECTIVE MEANINGS ASCRIBED TO THEM IN THE PLAN, EXCEPT WHERE OTHERWISE NOTED.

NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS BUSINESS OR FUTURE OPERATIONS, OTHER THAN THOSE SPECIFICALLY SET FORTH HEREIN, ARE AUTHORIZED BY THE DEBTOR.

Any representations or inducements made to obtain your acceptance, which are other than or inconsistent with the information contained herein should not be relied upon by you in arriving at your decision.

The Court has determined that this Disclosure Statement contains adequate information to permit you to make an informed judgment with regard to the Plan. However, the approval by the Bankruptcy Court of this Disclosure Statement is not a determination by the Bankruptcy Court on the merits of the Plan nor upon the accuracy of the information contained herein. The Debtor has made a great effort to be accurate in all material respects but is unable to warrant or represent that all the information contained herein is without inaccuracy. The Debtor believes the contents of this Disclosure Statement to be accurate although neither the Bankruptcy Court nor any other party to the Chapter 11 Case has passed upon the accuracy of the information contained herein.

II

EVENTS PRECEDING BANKRUPTCY FILING

The Debtor is a family owned company, which was incorporated in 1992. It's history however goes back to the 1954 when a predecessor corporation formed by the current owner's grandfather Mr. Zavidow was incorporated. It was started for the purpose of providing dry cleaning services to residents in the Town of Westport and immediately surrounding areas. At its inception it was one of three dry cleaning establishments in Westport. In the early 1960's the Mr Zavidow partnered with his son and son-in law and expanded the business with multiple locations. What is now State Drive-In Cleaners continued to be operated by members of the current owner's family until 1984 when it was sold to an unrelated third party. In 1992 the current owner, who had grown up in the dry-cleaning business, was looking to purchase a dry cleaning business of his own. During his search he found that State Cleaners was doing less in sales in 1992 then when his family had sold it in 1984. Feeling that this was a classic turn-around situation and knowing what the business was capable of doing if run properly, purchased what is now State Drive-In Cleaners in November 1992 with a partner who was an

experienced drycleaner/spotter and plant manager. After rebuilding the business for the ensuing two years, Mr. Raclyn realized that the Business was better suited for a single owner and decided to Buy-out his partner. He continued to grow the business by improving our quality, customer service, call office appearance, marketing and advertising.

In the early 2000's due to personal issues, Mr Raclyn was forced to hire a manager to help run the business. Also in 2004-2005 the business needed replacement equipment consisting of a new dry cleaning machine, two used pressing machines, two used compressors and a new commercial laundry dryer, which were purchased with an existing Line of Credit from Bank of America.

In 2009 due to the 2008 recession and the Lender's internal consolidation of all credit lines and loans, Bank of America called in the credit line. The Debtor then tapped into a second existing credit line from Sovereign/Santander Bank to pay off Bank of America. A short time after that Sovereign/Santander Bank called in that credit line as well. Due to the economic conditions existing at that time the Business could not afford the monthly payments being demanded by the Bank and the credit line was converted to a term loan, which was then executed under some degree of distress by the Debtor.

Also during this same time period, the Debtor had built up a credit debt to Petro Oil Co. for oil supplied to the business from 2010 through approximately 2013. Despite the Debtor's attempts to reach a payment arrangement with Petro, Petro instead pursued litigation to collect on the outstanding balance due. Petro attached the Bank Account of the Debtor in January of 2015 forcing the Debtor to file for protection under the Bankruptcy Code in that same month in a predecessor case. That case was ultimately dismissed for technical reasons without prejudice to refile this case and pursue reorganization.

An additional factor contributing to the Debtor's financial distress was the fact that the Manager that Debtor had hired in the early 2000's left for another cleaner's in Town in

2005, taking some customers with him. As a result, business sales fell approximately 9% from 2005 to 2008. Additionally, due to a general economic downturn in the economy, business sales continued to decline from 2008 through 2013 approximately 20%. In 2014 and 2015 sales began to come back and were up approximately 2.5% in 2014 and another 7% in 2015, and approximately 4% in 2016 due, in part to a business expansion into a new pick-up and delivery services where Mr Raclyn personally went door to door to solicit new customers.

That effort was stalled during the summer of 2016 due to health issues suffered by Mr Raclyn resulting in two surgical procedures. Mr Raclyn's health has been steadily improving since then and he expects that the business growth will continue at a moderate rate over the next few years.

In addition to providing the community with a valuable service, the Debtor's business currently employs 9 people in addition to Mr. Raclyn, who rely on the business to sustain their families.

The business currently leases approximately 3200 square feet at the premises located at 224 Post Road East, Westport CT where it conducts both its retail storefront and the dry cleaning operations as well. The current lease runs through November of 2017 with an option to renew for an additional five years, through November 2022. The debtor intends to exercise that option in accordance with the terms of the lease. Consequently, debtor can propose a 68 month plan to address the claims against the estate.

The Debtor intends to fund the plan payments from operating income generated during that period of time.

III

THE CHAPTER 11 CASE

A. BANKRUPTCYPROCEEDING

As previously stated, the severe down turn in the country's economy and the accompanying decline in

the Debtor's business, as well as the aggressive collection efforts by Petro Inc., the Debtor was forced to file for Chapter 11 Bankruptcy Protection on April 12, 2016. Since the filing of the case the Debtor has continued to service its client base while seeking to expand with new clients, and services. The Debtor has expanded its business through increased sales to existing customers, the addition of new services and through the addition of new clients. This growth and expansion has not only sustained the Debtor but allowed it to grow. Since filing the Debtor has experienced an increase in business not only from existing customers, but through the addition of new customers and additional service.

The Debtor has filed its operating reports in this on a monthly basis and has continued, post-filing, to run its business in the ordinary course in order to have sufficient capital to fund and support a successful plan of reorganization.

Debtor has performed a liquidation analysis of assets, and it was determined that a plan of reorganization would be in the best interest of the creditors.

The Plan of Reorganization, a copy of which is annexed hereto, provides for payment in full to all secured and priority creditors, as well as a partial distribution to the general unsecured class.

The Debtor believes that the terms of the proposed Plan represent a balance between paying the maximum possible to all creditors without impairing the Debtor's ability to make such payments

B. FINANCIAL INFORMATION RESPECTING THE DEBTOR, ALTERNATIVES TO THE PLAN, FEASIBILITY AND MEANS OF EFFECTING THE PLAN

1. FINANCIAL INFORMATION RESPECTING THE DEBTOR

The Debtor's income is generated from the daily operations of its business and expansion of its customer base. The Debtor believes that the continued operation of the Debtor's business would provide sufficient funds to meet the obligations set forth in the Plan of Reorganization, as well as allow the Debtor to meet any other financial obligations as may become due. This financial data is explored in full in the following sections of this Disclosure Statement.

2. ALTERNATIVES TO THE PLAN

An explanation as to the effect of liquidation of the Debtor's assets is later discussed in Paragraph "D" of Section "III" of this Disclosure. The Plan is based upon the Debtor's belief and determination that the liquidation value of its assets as presently constituted would yield no dividend to any unsecured creditors. A detailed calculation of the liquidation analysis is attached as "Exhibit B." The Debtor will continue in possession of its Property and will implement the proposals as set forth in this Disclosure Statement and Plan. The Debtor's Plan of Reorganization classifies the Creditor Claims as follows (The claims are taken from the Debtor's schedules and from the proofs of claims filed. Where they conflict, the proofs of claim amounts have been used):

The Debtor's Plan of Reorganization classifies the Creditor claims as follows:

Class 1:	Allowed secured claim: Sovereign Bank, N .A.:	\$36,530.00
Class2:	Allowed secured claim: Glenn Thornhill:	\$3,200.00
Class 3:	Allowed Unsecured priority Claim: IRS:	\$1,138.74
Class 4:	Allowed General Unsecured Claims:	\$212,473.62
Class 5:	Equity Class	

The Debtor proposes to fund payment of the plan with money earned from the operation of its business, which it believes will support the proposed Plan. As part of its business operations, the Debtor is seeking to expand its customer base through home pick-up and delivery services, and expand business opportunities with existing customers.

Class 1 will be paid in full as proposed in the Plan.

Class 2 will be paid in full as proposed in the Plan.

Class 3 will receive payment in full over the life of the Plan and within the statutory requirements of 11 U.S.C. §1129(a)(9)(C)(ii).

Class 4 claims will receive a pro-rata distribution of their allowed claim through the Plan.

Class 5, Equity Class, will retain their equity interest in exchange for the substantial contributions to the Debtor during the pendency of the case, and contributions to the funding of the plan to the extent necessary for consummation of the Plan.

3. Feasibility And Means For Effecting The Plan

The Debtor proposes to fund payment of the plan with ordinary business income. The Debtor believes that moving forward the income from business operations will be sufficient to provide revenue to support a successful Plan of Reorganization as well as afford the Debtor the ability to pay all other current expenses as they may become due. With the exception of the Class 3 priority claim of the IRS, the debtor proposes to pay all allowed claims over a sixty eight month period in accordance with provisions of the Plan. During the pendency of the case the Debtor has filed its Operating Reports. The monthly operating reports contain various financial disclosures on a monthly basis since the case was filed. The significant benchmark items consist of the gross receipts, monthly operating expenses and net monthly profits. Debtor has provided a table of monthly income and expenses hereto as exhibit "C". An analysis of the operating reports from the inception of this case only show a part of the story. Due to the seasonal nature of the business, a full year analysis is required to get the true annual profit figures. Consequently, The Debtor has included monthly figures from January 1, 2016 through December 31, 2016. Based on the annual figures, The Debtor had gross receipts for 2016 of \$659,703.00 and annual operating expenses of \$650,657.00 leaving a net operating profit of \$9,046.00 or \$ 753.93 per month. The aggregate monthly plan payments to creditors under the proposed plan are \$ 924.24/month. While the profits for the 2016 year would leave a small deficit each month in the required plan payments, that deficit can be made up by contributions from the principal as well as anticipated growth in the pick-up and delivery aspect of the business. Additionally, once a plan is finally confirmed and the case is closed, the quarterly Trustee fees, currently in the approximate amount of \$1,625.00 per quarter will be eliminated thereby increasing the anticipated profits by \$541.67 per month and creating a surplus from which to fund the plan payments. The Debtor anticipates that the quarterly fees will cease after the second quarter of 2017 or approximately July of 2017. The Debtor further anticipates that the plan payments will commence in May of 2017, leaving a

two-three month period where the debtor's net income is less than the required monthly plan payments. The monthly differential during that period would be \$170.31 per month. Mr Raclyn has deposited into the Debtor's account the sum of \$510.93 from his personal funds to cover a 3 month shortfall under the plan.

4. **Liquidation Analysis**

As the Liquidation Analysis (Exhibit B) demonstrates, a liquidation of the company would not result in sufficient funds to satisfy the secured obligations of the Debtor, and therefore produces no funds for unsecured creditors. Sovereign Bank holds a security interest in all of the assets of the Debtor. The equipment was informally valued by equipment vendors known to the Debtor based on recent sales showing market values of comparable equipment. Any intrinsic value of the equipment is substantially diminished by the estimated costs of removal of the equipment to an alternate location which costs are estimated by the Debtor to be in excess of \$90,000.00. A formal appraisal may be obtained in the event that a stipulation as to value cannot be reached by parties.

IV

SUMMARY OF THE PLAN OF REORGANIZATION

A. **DEFINITIONS:**

1) **Code:** Code shall mean the Bankruptcy Reform Act of 1978, which has been codified at Title 11 of the United States Code.

2) **Confirmation:** Confirmation shall mean the date on which this Plan is confirmed by Order of the Court.

3) **Court:** Court shall mean the United States Bankruptcy Court for the District of Connecticut including the United States Bankruptcy Judge presiding therein.

4) Effective Date of the Plan: Effective Date of the Plan shall mean the first business day following the last day on which an appeal from an Order of the Court confirming this Plan may be taken under applicable law and no such appeal has been taken or if such an appeal has been taken, the first business day following the date upon which such appeal has been exhausted and the plan may proceed.

5) Date of Confirmation of the Plan: Date of Confirmation of the Plan shall mean that date upon which the Court approves the Debtor's Plan.

6) The major objectives of the Debtor's Plan of Reorganization are:

- a. Payment to and protection of the interests of the secured creditors;
- b. Payment of all obligations to the taxing authorities;
- c. The payment of all priority and administrative claims;
- d. Payment of an amount to unsecured creditors that is not less than such creditors would receive in the event that the Debtor was liquidated on the effective date of the Plan. The following is a brief summary of the plan and should not be relied upon for voting purposes. Creditors are urged to read the Plan in full. Creditors are further urged to consult with counsel or with each other to fully understand and evaluate the Plan.

All Creditors who are listed in the Debtor's schedules filed with the Bankruptcy Court may vote on the Plan whether or not they have filed Proofs of Claims, except in those instances where the schedules reflect that the claim is disputed, unliquidated, contingent or where objections to claims have been filed. Further, all Creditors who are listed in the schedules will receive payment pursuant to the plan whether or not a Proof was filed, except in those instances where the schedules reflect that the Creditor's claim is disputed, contingent, or unliquidated. In the case where the Debtor has made objections to claims, payments will be made in accordance with the Plan upon a final decision by the Court as to the allowed amount

of said claims. Where a Proof of Claim is filed in an amount which is different from that set forth in the Debtor's schedules, or is filed as a claim which was scheduled as disputed, contingent or unliquidated, the same may be subject to objection, and after a hearing thereon, may be either allowed, reduced or disallowed by the Court and the amount determined in that instance will establish the amount to be paid to the Creditors pursuant to the Plan.

7. To the extent that the word "impaired" is used, impaired are defined in 11 USC 1124 as follows except as to unfavorable treatment agreed upon by any class or claimant:

"A class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such class, the plan-

1) Leaves unaltered, the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

2) Notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default-

(A) Cures any such default that occurred before or after the commencement of the case under 11 USC 101 et seq., other than a default of a kind specified in 11 USC § 365 (b)(2);

(B) Reinstates the maturity of such claim or interest, as such maturity existed before such default,

(C) Compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, and

(D) Does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest; or

8) Voting, Cram Down and Confirmation

a. Voting

In order to obtain confirmation of the Plan by the Bankruptcy Court, the Creditors of classes 1, 2, and 4 must accept the plan.

Of those Creditors in Classes 1, 2, and 4 who actually vote on the plan, Creditors holding at least two-thirds in dollar amount of the allowed claims and who constitute more than one-half in number of such voting Creditors must vote for the Plan in order for the

Plan to be confirmed. All Creditors within a class vote as part of a class

Administrative claims are to be paid in full upon confirmation; they are not impaired under the Plan and do not vote. .

b. Cram Down

If any class should fail to accept the plan by the required majority, the court may, under Sec. 1129(b) of the Bankruptcy Code, none the less confirm the plan if at least one impaired class has accepted the Plan and the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to any impaired class which has not accepted the Plan. A plan is fair and equitable" within the meaning of this section if it provides as to a dissenting class of secured creditors, retention of the lien securing the claim in the allowed amount of the claim, and payment of deferred cash payments totaling the allowed amount of such claim and having a value, as of the effective date of the Plan, of its collateral. As to a dissenting class of unsecured Creditors, a Plan is "fair and equitable" if it receives property a value, as of the effective date of the Plan, equal to the allowed amount of its claims, or the holders of claims in junior classes will receive or retain nothing under the plan. The rule that junior classes receive or retain no property is sometimes called the absolute priority rule". However, an exception to this rule exists where a junior class makes a "substantial" contribution of new money or property into the Debtor as part of a plan of reorganization, and this exception may provide an opportunity to existing share-holders of the Debtor who wish to retain an equity interest in the Debtor. The Debtor intends to invoke these "cram down" provisions against any class, secured or unsecured, that fail to accept the Plan.

B. CLAIMS AND INTEREST UNDER THE PLAN:

1) Administrative Claims: Administrative expenses as defined in section 503(b) of the Code include the claims of the Debtor's bankruptcy counsel, Thomas V.

Battaglia, Jr., estimated to be \$8,283.00, which will be paid on the effective date of the plan or when allowed, whichever is later. The allowance of the claim is required to be approved by the Court.

2) Secured Claims - Impaired:

a. **Class 1** is the secured portion of the claim of Sovereign Bank, in the approximate amount of \$ 36,530.00, which will be paid its claim in full in 68 equal monthly installments commencing thirty (30) days after the effective date of the plan or May 1, 2017, whichever date is later, at the monthly rate of \$537.21 each month until the claim is paid in full. If there is a complete or partial sale of the Debtor's assets that involves the pieces of equipment that is security for this loan, the proceeds from that sale will be used to satisfy the obligations owed to the Class 1 holder. Until paid, said Creditor shall retain its lien. The balance of the claim shall be treated as unsecured and will share in the unsecured pool identified as class 4, "pro-rarta". Class 1 is impaired.

b. **Class 2** is the secured portion of the claim of Glenn Thornhill, Inc. in the approximate amount of \$3,200.00 which will be paid its claim in full in 68equal monthly installments commencing thirty (30) days after the effective date of the plan or May 1, 2017, whichever date is later, at the monthly rate of \$47.06 each month. Until paid, said Creditor shall retain its lien. The balance of the claim shall be treated as unsecured and will share in the unsecured pool identified as class 4, "pro-rarta". Class 2 is impaired.

3) Unsecured Claims - Impaired:

Class 4 unsecured claims consisting of the unsecured portion of Sovereign Bank claim in the amount of \$111,279.13, the unsecured portion of Glen Thornhill's Claim in the amount of \$1800.00, the unsecured claims of Evans Feldman & Ainsworth LLC in the amount

of: \$5,356.10, Eversource in the amount of: \$941.69, Petro Inc. in the amount of: \$23,999.75, Anita Frigo in the amount of: \$30,000.00, Baldwin Pearson in the amount of: \$1,100.00, Bank of America in the amount of: \$24,000.00, HiHO Oil Co. in the amount of: \$4799.52, Lutz & Carr CPA in the amount of: \$162.00, Minda Supply in the amount of: \$4737.34, Pay USA in the amount of: \$3,640.62, Safety Kleen Systems Inc in the amount of: \$657.47, for a Total of \$212,473.62 will receive a pro-rata share of \$312.46 per month for 68 months commencing 30 days after the effective date of the Plan which shall result in not less than a 10% dividend on said claims pro-rata.

4) Unsecured Priority Claims:

There is one class comprising these creditors. This section is comprised of claim of the Internal Revenue Services.

Class 3- Allowed Unsecured Priority Claim- Internal Revenue Services, 507(a)(8)

1. Approximate Amount: \$1,138.74

2. Not Impaired

3. Treatment: Treatment: This is the Claim of the United States Department of the Treasury, Internal Revenue Services, representing the priority portion of unpaid taxes. Under the Plan of Reorganization the claim is classified as an unsecured priority claim pursuant to 11 U.S.C. §507(a)(8). Pursuant to 11 U.S.C. §1129(a)(9)(C)(ii). **Class 3** needs to be paid in full with interest within 5 years from the date of relief. The Debtor is proposing to pay this claim within 5 years from the date of relief. The total debt of this class is \$1,138.74. The Debtor proposes to pay the total of principal and interest in the amount of \$1,138.74 with interest at 3% for 45 months commencing 30 days from the effective day of the plan at the monthly amount of \$26.79. If confirmation is delayed and the effective date of the Plan is later than the anticipated May 2017, the Debtor shall adjust the payment of this claim in equal increments to make the

required payments as required by 11 U.S.C. §1129(a)(9)(C)(ii).

Class 5: Equity Class

This is the equity ownership of the debtor currently held by Arnold Raclyn. The Equity Holder shall retain his interest in the Debtor in exchange for the substantial contributions made during the pendency of the case and future contributions to the Debtor.

IV

FINANCIAL INFORMATION

A. Executory Contracts

The Debtor currently leases approximately 3200 square feet at the premises located at 224 Post Road East, Westport CT where it conducts both its retail storefront and the dry cleaning operations as well. The current lease runs through November of 2017 with an option to renew for an additional five years, through November 2022. The debtor intends to exercise that option in accordance with the terms of the lease. The Lease has been assumed by the Debtor which lease assumption was approved by order of the Bankruptcy Court on October 27, 2016.

B Analysis of preferences and fraudulent conveyances

An analysis of preferences and/or fraudulent conveyances has been performed by professionals, who have advised that there are no cases to be brought for preferences or fraudulent conveyances.

C Modification Of The Plan

The Debtor may propose amendments or modifications of the Plan at any time prior to Confirmation with leave of the Court. After Confirmation, the Debtor, with approval of the Court, and so long as it does not materially or adversely affect the interests of creditors, may remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Confirmation Order in such a manner as may be necessary to carry out the purposes and effect of this Plan. The foregoing provisions of this paragraph do not limit the ability of any party to file a motion to modify the Plan under 11 U.S.C. §1127 and applicable rules. If a modification of the plan is sought after the entry of the Confirmation Order and

the entry of the Final Decree, a Motion to Reopen the case for the purpose of filing and prosecuting a motion to modify the Plan shall also be filed with the Court.

D Discharge

Confirmation of the Plan will constitute the full settlement, release, and discharge of all claims against State Drive In Cleaners, Inc., except for the payments set forth in the Plan. The Bankruptcy Court will continue to retain jurisdiction after confirmation only to resolve outstanding matters in the Chapter 11 Case, such as objections to claims, and with respect to compelling fulfillment, if necessary, of any terms of the Plan.

E. Liquidation Value

The liquidation values of the Debtor’s assets are believed to be less than that of its debts. The Debtor’s properties are estimated to have a combined value of not more than \$41, 665.00.

Debtor’s liabilities on said properties equals or exceed that value.

Liquidation Analysis in Table format:

Assets	Liq. Value:	
Cash (: cash and bank account balance as of January 31, 2017)	\$ 30,891.18	
Accounts Receivable (per schedules)	0.00	
Office Fixtures, equipment and machinery (per schedules)	25,450.00	
Motor vehicle (per schedules)	3200.00	
Security deposit (per schedules)	1,935.00	
Total Value	\$61,476.18	
Less Secured & Priority Claims (per schedules and/or claims filed)	-153,947.87	
Funds Available for unsecured creditor pool	\$ 0.00	Percentage of unsecured creditor pool
Payments to Unsecured Creditor pool under plan	\$ 21,247.36	0.00%
		10.00%

F. Profit History and projection

The Debtor plans to make payments to Creditors from ordinary business

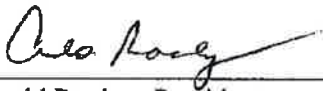
income. The reader is cautioned that the income is, of course, dependent on a variety of factors, not all of which are under the Debtor's control, including, but not limited to, the state of the economy. The Debtor reasonably expects that sufficient revenue will be generated in order for the Debtor to make the required payments under the Plan and that the Plan as proposed is in the best interests of his creditors. The attainment of the objective of providing unsecured Creditors with value that is not less than what would be received in liquidation is therefore dependent on the Debtor's future income.

V

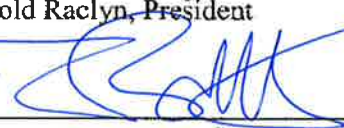
CONCLUSION

For all of the foregoing reasons and for the information contained herein, the Debtor requests that you vote to accept the Plan of Reorganization. The deadline for filing votes to accept or reject the Plan of Reorganization is contained in the Court's Order Scheduling a Hearing on Confirmation which is enclosed herewith. Please complete your ballots promptly and return same to: Law Offices of Thomas V Battaglia, Jr., 3267 Main Street, Stratford, CT 06614.

STATE DRIVE IN CLEANERS INC.

By 

Arnold Raclyn, President

By 

Thomas V. Battaglia, Jr.
Debtor's Attorney

Redline Copy

**UNITED STATES BANKRUPTCY COURT
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I

INTRODUCTION

STATE DRIVE IN CLEANERS, INC (hereinafter “Debtor”) filed a voluntary Bankruptcy Petition under Chapter 11 of the United States Code (The Code) in the United States Bankruptcy Court for the District of Connecticut at Bridgeport under Case No. 16-50502 (the “Chapter 11 Case”) On April 12, 2016, (the “Filing Dated”). The Debtor has continued in the operation of its business and management of its assets since the filing date as Debtor-in-Possession.

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EVENTS PRECEDING BANKRUPTCY FILING

The Debtor is a family owned company, which was incorporated in 1992. It's history however goes back to the 1954 when a predecessor corporation formed by the current owner's grandfather Mr. Zavidow was incorporated. It was started for the purpose of providing dry cleaning services to residents in the Town of Westport and immediately surrounding areas. At its inception it was one of three dry cleaning establishments in Westport. In the early 1960's the Mr Zavidow partnered with his son and son-in law and expanded the business with multiple locations. What is now State Drive-In Cleaners continued to be operated by members of the current owner's family until 1984 when it was sold to an unrelated third party. In 1992 the current owner, who had grown up in the dry-cleaning business, was looking to purchase a dry cleaning business of his own. During his search he found that State Cleaners was doing less in sales in 1992 then when his family had sold it in 1984. Feeling that this was a classic turn-around situation and knowing what the business was capable of doing if run properly, purchased what is now State Drive-In Cleaners in November 1992 with a partner who was an

experienced drycleaner/spotter and plant manager. After rebuilding the business for the ensuing two years, Mr. Raclyn realized that the Business was better suited for a single owner and decided to Buy-out his partner. He continued to grow the business by improving our quality, customer service, call office appearance, marketing and advertising.

In the early 2000's due to personal issues, Mr Raclyn was forced to hire a manager to help run the business. Also in 2004-2005 the business needed replacement equipment consisting of a new dry cleaning machine, two used pressing machines, two used compressors and a new commercial laundry dryer, which were purchased with an existing Line of Credit from Bank of America.

In 2009 due to the 2008 recession and the Lender's internal consolidation of all credit lines and loans, Bank of America called in the credit line. The Debtor then tapped into a second existing credit line from Sovereign/Santander Bank to pay off Bank of America. A short time after that Sovereign/Santander Bank called in that credit line as well. Due to the economic conditions existing at that time the Business could not afford the monthly payments being demanded by the Bank and the credit line was converted to a term loan, which was then executed under some degree of distress by the Debtor.

Also during this same time period, the Debtor had built up a credit debt to Petro Oil Co. for oil supplied to the business from 2010 through approximately 2013. Despite the Debtor's attempts to reach a payment arrangement with Petro, Petro instead pursued litigation to collect on the outstanding balance due. Petro attached the Bank Account of the Debtor in January of 2015 forcing the Debtor to file for protection under the Bankruptcy Code in that same month in a predecessor case. That case was ultimately dismissed for technical reasons without prejudice to refile this case and pursue reorganization.

An additional factor contributing to the Debtor's financial distress was the fact that the Manager that Debtor had hired in the early 2000's left for another cleaner's in Town in

2005, taking some customers with him. As a result, business sales fell approximately 9% from 2005 to 2008. Additionally, due to a general economic downturn in the economy, business sales continued to decline from 2008 through 2013 approximately 20%. In 2014 and 2015 sales began to come back and were up approximately 2.5% in 2014 and another 7% in 2015, and approximately 4% in 2016 due, in part to a business expansion into a new pick-up and delivery services where Mr Raclyn personally went door to door to solicit new customers.

That effort was stalled during the summer of 2016 due to health issues suffered by Mr Raclyn resulting in two surgical procedures. Mr Raclyn's health has been steadily improving since then and he expects that the business growth will continue at a moderate rate over the next few years.

In addition to providing the community with a valuable service, the Debtor's business currently employs 9 people in addition to Mr. Raclyn, who rely on the business to sustain their families.

The business currently leases approximately 3200 square feet at the premises located at 224 Post Road East, Westport CT where it conducts both its retail storefront and the dry cleaning operations as well. The current lease runs through November of 2017 with an option to renew for an additional five years, through November 2022. The debtor intends to exercise that option in accordance with the terms of the lease. Consequently, debtor can propose a 68 month plan to address the claims against the estate.

The Debtor intends to fund the plan payments from operating income generated during that period of time.

III

THE CHAPTER 11 CASE

A. BANKRUPTCYPROCEEDING

As previously stated, the severe down turn in the country's economy and the accompanying decline in

the Debtor's business, as well as the aggressive collection efforts by Petro Inc., the Debtor was forced to file for Chapter 11 Bankruptcy Protection on April 12, 2016. Since the filing of the case the Debtor has continued to service its client base while seeking to expand with new clients, and services. The Debtor has expanded its business through increased sales to existing customers, the addition of new services and through the addition of new clients. This growth and expansion has not only sustained the Debtor but allowed it to grow. Since filing the Debtor has experienced an increase in business not only from existing customers, but through the addition of new customers and additional service.

The Debtor has filed its operating reports in this on a monthly basis and has continued, post-filing, to run its business in the ordinary course in order to have sufficient capital to fund and support a successful plan of reorganization.

Debtor has performed a liquidation analysis of assets, and it was determined that a plan of reorganization would be in the best interest of the creditors.

The Plan of Reorganization, a copy of which is annexed hereto, provides for payment in full to all secured and priority creditors, as well as a partial distribution to the general unsecured class.

The Debtor believes that the terms of the proposed Plan represent a balance between paying the maximum possible to all creditors without impairing the Debtor's ability to make such payments

B. FINANCIAL INFORMATION RESPECTING THE DEBTOR, ALTERNATIVES TO THE PLAN, FEASIBILITY AND MEANS OF EFFECTING THE PLAN

1. FINANCIAL INFORMATION RESPECTING THE DEBTOR

The Debtor's income is generated from the daily operations of its business and expansion of its customer base. The Debtor believes that the continued operation of the Debtor's business would provide sufficient funds to meet the obligations set forth in the Plan of Reorganization, as well as allow the Debtor to meet any other financial obligations as may become due. This financial data is explored in full in the following sections of this Disclosure Statement.

2. ALTERNATIVES TO THE PLAN

An explanation as to the effect of liquidation of the Debtor's assets is later discussed in Paragraph "D" of Section "III" of this Disclosure. The Plan is based upon the Debtor's belief and determination that the liquidation value of its assets as presently constituted would yield no dividend to any unsecured creditors. A detailed calculation of the liquidation analysis is attached as "Exhibit B." The Debtor will continue in possession of its Property and will implement the proposals as set forth in this Disclosure Statement and Plan. The Debtor's Plan of Reorganization classifies the Creditor Claims as follows (The claims are taken from the Debtor's schedules and from the proofs of claims filed. Where they conflict, the proofs of claim amounts have been used):

The Debtor's Plan of Reorganization classifies the Creditor claims as follows:

Class 1:	Allowed secured claim: Sovereign Bank, N .A.:	\$36,530.00
Class2:	Allowed secured claim: Glenn Thornhill:	\$3,200.00
Class 3:	Allowed Unsecured priority Claim: IRS:	\$1,138.74
Class 4:	Allowed General Unsecured Claims:	\$212,473.62
Class 5:	Equity Class	

The Debtor proposes to fund payment of the plan with money earned from the operation of its business, which it believes will support the proposed Plan. As part of its business operations, the Debtor is seeking to expand its customer base through home pick-up and delivery services, and expand business opportunities with existing customers.

Class 1 will be paid in full as proposed in the Plan.

Class 2 will be paid in full as proposed in the Plan.

Class 3 will receive payment in full over the life of the Plan and within the statutory requirements of 11 U.S.C. §1129(a)(9)(C)(ii).

Class 4 claims will receive a pro-rata distribution of their allowed claim through the Plan.

Class 5, Equity Class, will retain their equity interest in exchange for the substantial contributions to the Debtor during the pendency of the case, and contributions to the funding of the plan to the extent necessary for consummation of the Plan.

3. Feasibility And Means For Effecting The Plan

The Debtor proposes to fund payment of the plan with ordinary business income. The Debtor believes that moving forward the income from business operations will be sufficient to provide revenue to support a successful Plan of Reorganization as well as afford the Debtor the ability to pay all other current expenses as they may become due. With the exception of the Class 3 priority claim of the IRS, the debtor proposes to pay all allowed claims over a sixty eight month period in accordance with provisions of the Plan. During the pendency of the case the Debtor has filed its Operating Reports. The monthly operating reports contain various financial disclosures on a monthly basis since the case was filed. The significant benchmark items consist of the gross receipts, monthly operating expenses and net monthly profits. Debtor has provided a table of monthly income and expenses hereto as exhibit "C". An analysis of the operating reports from the inception of this case only show a part of the story. Due to the seasonal nature of the business, a full year analysis is required to get the true annual profit figures. Consequently, The Debtor has included monthly figures from January 1, 2016 through December 31, 2016. Based on the annual figures, The Debtor had gross receipts for 2016 of \$659,703.00 and annual operating expenses of \$650,657.00 leaving a net operating profit of \$9,046.00 or ~~\$753.83~~ 753.93 per month. The aggregate monthly plan payments to creditors under the proposed plan are ~~\$917.19~~ 924.24/month. While the profits for the 2016 year would leave a small deficit each month in the required plan payments, that deficit can be made up by contributions from the principal as well as anticipated growth in the pick-up and delivery aspect of the business. Additionally, once a plan is finally confirmed and the case is closed, the quarterly Trustee fees, currently in the approximate amount of \$1,625.00 per quarter will be eliminated thereby increasing the anticipated profits by \$541.67 per month and creating a surplus from which to fund the plan payments. The Debtor anticipates that the quarterly fees will cease after the second quarter of 2017 or approximately July of 2017. The Debtor further anticipates that the plan payments

will commence in May of 2017, leaving a two-three month period where the debtor's net income is less than the required monthly plan payments. The monthly differential during that period would be \$170.31 per month. Mr Raelyn has deposited into the Debtor's account the sum of \$510.93 from his personal funds to cover a 3 month shortfall under the plan.

4. **Liquidation Analysis**

As the Liquidation Analysis (Exhibit B) demonstrates, a liquidation of the company would not result in sufficient funds to satisfy the secured obligations of the Debtor, and therefore produces no funds for unsecured creditors. Sovereign Bank holds a security interest in all of the assets of the Debtor. The equipment was informally valued by equipment vendors known to the Debtor based on recent sales showing market values of comparable equipment. Any intrinsic value of the equipment is substantially diminished by the estimated costs of removal of the equipment to an alternate location which costs are estimated by the Debtor to be in excess of \$90,000.00. A formal appraisal may be obtained in the event that a stipulation as to value cannot be reached by parties.

IV

SUMMARY OF THE PLAN OF REORGANIZATION

A. **DEFINITIONS:**

- 1) **Code:** Code shall mean the Bankruptcy Reform Act of 1978, which has been codified at Title 11 of the United States Code.
- 2) **Confirmation:** Confirmation shall mean the date on which this Plan is confirmed by Order of the Court.
- 3) **Court:** Court shall mean the United States Bankruptcy Court for the District of Connecticut including the United States Bankruptcy Judge presiding therein.
- 4) **Effective Date of the Plan:** Effective Date of the Plan shall mean the first business day following the last day on which an appeal from an Order of the Court confirming this Plan may be taken under applicable law and no such appeal has been taken or if such an appeal has been taken, the first business day following the date upon which such appeal has been exhausted and the plan may proceed.

5) Date of Confirmation of the Plan: Date of Confirmation of the Plan shall mean that date upon which the Court approves the Debtor's Plan.

6) The major objectives of the Debtor's Plan of Reorganization are:

- a. Payment to and protection of the interests of the secured creditors;
- b. Payment of all obligations to the taxing authorities;
- c. The payment of all priority and administrative claims;
- d. Payment of an amount to unsecured creditors that is not less than such

creditors would receive in the event that the Debtor was liquidated on the effective date of the Plan. The following is a brief summary of the plan and should not be relied upon for voting purposes. Creditors are urged to read the Plan in full. Creditors are further urged to consult with counsel or with each other to fully understand and evaluate the Plan.

All Creditors who are listed in the Debtor's schedules filed with the Bankruptcy Court may vote on the Plan whether or not they have filed Proofs of Claims, except in those instances where the schedules reflect that the claim is disputed, unliquidated, contingent or where objections to claims have been filed. Further, all Creditors who are listed in the schedules will receive payment pursuant to the plan whether or not a Proof was filed, except in those instances where the schedules reflect that the Creditor's claim is disputed, contingent, or unliquidated. In the case where the Debtor has made objections to claims, payments will be made in accordance with the Plan upon a final decision by the Court as to the allowed amount of said claims. Where a Proof of Claim is filed in an amount which is different from that set forth in the Debtor's schedules, or is filed as a claim which was scheduled as disputed, contingent or unliquidated, the same may be subject to objection, and after a hearing thereon, may be either allowed, reduced or disallowed by the Court and the amount determined in that instance will establish the amount to be paid to the Creditors pursuant to the Plan.

7. To the extent that the word “impaired” is used, impaired are defined in 11 USC 1124 as follows except as to unfavorable treatment agreed upon by any class or claimant:

"A class of claims or interests is impaired under a plan unless, with respect to each claim or interest of such class, the plan-

1) Leaves unaltered, the legal, equitable and contractual rights to which such claim or interest entitles the holder of such claim or interest; or

2) Notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default-

(A) Cures any such default that occurred before or after the commencement of the case under 11 USC 101 et seq., other than a default of a kind specified in 11 USC § 365 (b)(2);

(B) Reinstates the maturity of such claim or interest, as such maturity existed before such default,

(C) Compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, and

(D) Does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest; or

8) Voting, Cram Down and Confirmation

a. Voting

In order to obtain confirmation of the Plan by the Bankruptcy Court, the Creditors of classes 1, 2, and 4 must accept the plan.

Of those Creditors in Classes 1, 2, and 4 who actually vote on the plan, Creditors holding at least two-thirds in dollar amount of the allowed claims and who constitute more than one-half in number of such voting Creditors must vote for the Plan in order for the Plan to be confirmed. All Creditors within a class vote as part of a class

Administrative claims are to be paid in full upon confirmation; they are not impaired under the Plan and do not vote. .

b. Cram Down

If any class should fail to accept the plan by the required majority, the court may, under Sec. 1129(b) of the Bankruptcy Code, none the less confirm the plan if at least one impaired class has accepted the Plan and the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to any impaired class which has not accepted the Plan. A plan is fair and equitable" within the meaning of this section if it provides as to a dissenting class of secured creditors, retention of the lien securing the claim in the allowed amount of the claim, and payment of deferred cash payments totaling the allowed amount of such claim and having a value, as of the effective date of the Plan, of its collateral. As to a dissenting class of unsecured Creditors, a Plan is "fair and equitable" if it receives property a value, as of the effective date of the Plan, equal to the allowed amount of its claims, or the holders of claims in junior classes will receive or retain nothing under the plan. The rule that junior classes receive or retain no property is sometimes called the absolute priority rule". However, an exception to this rule exists where a junior class makes a "substantial" contribution of new money or property into the Debtor as part of a plan of reorganization, and this exception may provide an opportunity to existing share-holders of the Debtor who wish to retain an equity interest in the Debtor. The Debtor intends to invoke these "cram down" provisions against any class, secured or unsecured, that fail to accept the Plan.

B. CLAIMS AND INTEREST UNDER THE PLAN:

1) Administrative Claims: Administrative expenses as defined in section 503(b) of the Code include the claims of the Debtor's bankruptcy counsel, Thomas V. Battaglia, Jr., estimated to be \$8,283.00, which will be paid on the effective date of the plan or when allowed, whichever is later. The allowance of the claim is required to be approved by the Court.

2) Secured Claims - Impaired:

a. **Class 1** is the secured portion of the claim of Sovereign Bank, in the approximate amount of \$ 36,530.00, which will be paid its claim in full in 68 equal monthly installments commencing thirty (30) days after the effective date of the plan or May 1, 2017, whichever date is later, at the monthly rate of \$537.21 each month until the claim is paid in full. If there is a complete or partial sale of the Debtor's assets that involves the pieces of equipment that is security for this loan, the proceeds from that sale will be used to satisfy the obligations owed to the Class 1 holder. Until paid, said Creditor shall retain its lien. The balance of the claim shall be treated as unsecured and will share in the unsecured pool identified as class 4, "pro-rata".

Class 1 is impaired.

b. **Class 2** is the secured portion of the claim of Glenn Thornhill, Inc. in the approximate amount of \$3,200.00 which will be paid its claim in full in 68 equal monthly installments commencing thirty (30) days after the effective date of the plan or May 1, 2017, whichever date is later, at the monthly rate of \$47.06 each month. Until paid, said Creditor shall retain its lien. The balance of the claim shall be treated as unsecured and will share in the unsecured pool identified as class 4, "pro-rata". Class 2 is impaired.

~~e. —The balance of the claims secured by "the properties" shall be treated as unsecured and will share in the unsecured pool, pro-rata, identified as Class 4.~~

3) **Unsecured Claims - Impaired:**

Class 4 unsecured claims consisting of the unsecured portion of Sovereign Bank claim in the amount of \$111,279.13, the unsecured portion of Glen Thornhill's Claim in the amount of \$1800.00, the unsecured claims of Evans Feldman & Ainsworth LLC in the amount of: \$5,356.10, Eversource in the amount of: \$941.69, Petro Inc. in the amount of: \$23,999.75, Anita Frigo in the amount of: \$30,000.00, Baldwin Pearson in the amount of: \$1,100.00, Bank of America in the amount of: \$24,000.00, HiHO Oil Co. in the amount of: \$4799.52, Lutz &

Carr CPA in the amount of: \$162.00, Minda Supply in the amount of: \$4737.34, Pay USA in the amount of: \$3,640.62, Safety Kleen Systems Inc in the amount of: \$657.47, for a Total of \$212,473.62 will receive a pro-rata share of \$312.46 per month for 68 months commencing 30 days after the effective date of the Plan which shall result in not less than a 10% dividend on said claims pro-rata.

4) Unsecured Priority Claims:

There is one class comprising these creditors. This section is comprised of claim of the Internal Revenue Services.

Class 3- Allowed Unsecured Priority Claim- Internal Revenue Services, 507(a)(8)

1. Approximate Amount: \$1,138.74

2. Not Impaired

3. Treatment: Treatment: This is the Claim of the United States Department of the Treasury, Internal Revenue Services, representing the priority portion of unpaid taxes. Under the Plan of Reorganization the claim is classified as an unsecured priority claim pursuant to 11 U.S.C. §507(a)(8). Pursuant to 11 U.S.C. §1129(a)(9)(C)(ii). **Class 3** needs to be paid in full with interest within 5 years from the date of relief. The Debtor is proposing to pay this claim within 5 years from the ~~effective date of the Plan date of relief., which is anticipated to be April 2017.~~ The total debt of this class is \$1,138.74. The Debtor proposes to pay the total of principal and interest in the amount of \$1,138.74 with interest at 3% for ~~60-45~~ months commencing 30 days from the effective day of the plan at the monthly amount of ~~\$20.46~~26.79. If confirmation is delayed and the effective date of the Plan is later than the anticipated May 2017, the Debtor shall adjust the payment of this claim in equal increments to make the required payments as required by 11 U.S.C. §1129(a)(9)(C)(ii).

Class 5: Equity Class

This is the equity ownership of the debtor currently held by Arnold Raclyn. The Equity Holder shall retain his interest in the Debtor in exchange for the substantial contributions made during the pendency of the case and future contributions to the Debtor.

IV

FINANCIAL INFORMATION

A. Executory Contracts

The Debtor currently leases approximately 3200 square feet at the premises located at 224 Post Road East, Westport CT where it conducts both its retail storefront and the dry cleaning operations as well. The current lease runs through November of 2017 with an option to renew for an additional five years, through November 2022. The debtor intends to exercise that option in accordance with the terms of the lease. The Lease has been assumed by the Debtor which lease assumption was approved by order of the Bankruptcy Court on October 27, 2016.

B Analysis of preferences and fraudulent conveyances

An analysis of preferences and/or fraudulent conveyances has been performed by professionals, who have advised that there are no cases to be brought for preferences or fraudulent conveyances.

C Modification Of The Plan

The Debtor may propose amendments or modifications of the Plan at any time prior to Confirmation with leave of the Court. After Confirmation, the Debtor, with approval of the Court, and so long as it does not materially or adversely affect the interests of creditors, may remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Confirmation Order in such a manner as may be necessary to carry out the purposes and effect of this Plan. The foregoing provisions of this paragraph do not limit the ability of any party to file a motion to modify the Plan under II U.S.C. §1127 and applicable rules. If a modification of the plan is sought after the entry of the Confirmation Order and the entry of the Final Decree, a Motion to Reopen the case for the purpose of filing and prosecuting a

motion to modify the Plan shall also be filed with the Court.

D Discharge

Confirmation of the Plan will constitute the full settlement, release, and discharge of all claims against State Drive In Cleaners, Inc., except for the payments set forth in the Plan. The Bankruptcy Court will continue to retain jurisdiction after confirmation only to resolve outstanding matters in the Chapter 11 Case, such as objections to claims, and with respect to compelling fulfillment, if necessary, of any terms of the Plan.

E. Liquidation Value

The liquidation values of the Debtor’s assets are believed to be less than that of its debts. The Debtor’s properties are estimated to have a combined value of not more than \$41, 665.00.

Debtor’s liabilities on said properties equals or exceed that value.

Liquidation Analysis in Table format:

Assets	Liq. Value:	
Cash (per schedules : cash and bank account <u>balance as of January 31, 2017</u>)	\$ 9,980.00 <u>30,891.18</u>	
Accounts Receivable (per schedules)	1,100.00 <u>0.00</u>	
Office Fixtures, equipment and machinery (per schedules)	25,450.00	
Motor vehicle (per schedules)	3200.00	
Security deposit (per schedules)	1,935.00	
Total Value	<u>\$61,476.18<u>\$41,665.00</u></u>	
Less Secured & Priority Claims (per schedules and/or claims filed)	<u>-153,947.87</u>	Percentage of unsecured creditor pool
Funds Available for unsecured creditor pool	\$ 0.00	0.00%
Payments to Unsecured Creditor pool under plan	\$ 21,247.36	10.00%

F. Profit History and projection

The Debtor plans to make payments to Creditors from ordinary business income. The reader is cautioned that the income is, of course, dependent on a variety of

factors, not all of which are under the Debtor's control, including, but not limited to, the state of the economy. The Debtor reasonably expects that sufficient revenue will be generated in order for the Debtor to make the required payments under the Plan and that the Plan as proposed is in the best interests of his creditors. The attainment of the objective of providing unsecured Creditors with value that is not less than what would be received in liquidation is therefore dependent on the Debtor's future income.

V

CONCLUSION

For all of the foregoing reasons and for the information contained herein, the Debtor requests that you vote to accept the Plan of Reorganization. The deadline for filing votes to accept or reject the Plan of Reorganization is contained in the Court's Order Scheduling a Hearing on Confirmation which is enclosed herewith. Please complete your ballots promptly and return same to: Law Offices of Thomas V Battaglia, Jr., 3267 Main Street, Stratford, CT 06614.

STATE DRIVE IN CLEANERS INC.

By _____
Arnold Raclyn, President

By _____
Thomas V. Battaglia, Jr.
Debtor's Attorney