

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF FLORIDA
TALLAHASSEE DIVISION

In re:

MADDOX FOUNDRY & MACHINE WORKS, LLC.,

Chapter 11 Proceeding

Debtor.

Case no. 16-40168-KKS

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DISCLOSURE STATEMENT

I. INTRODUCTION

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Maddox Foundry & Machine Works, LLC, filed this Chapter 11 Reorganization Proceeding on 7 April 2016 in the United States Bankruptcy Code with the United States Bankruptcy Court for the Northern District of Florida. Maddox Foundry & Machine Works, LLC (hereinafter "Maddox" or "Debtor") has continued its business and remains Debtor-in-possession. The Debtor provides the following Statement to all known creditors and interested parties in order to disclose information deemed by the Debtor to be material and necessary for creditors to arrive at a reasonably informed decision in exercising their right to vote on the Plan of Reorganization (hereinafter "the Plan") presently on file with the court, United States Bankruptcy Court, Northern District of Florida, 110 East Park Avenue, Tallahassee Florida 32301.

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Every effort has been made to provide accurate financial information in this disclosure statement. The information contained in this disclosure statement has not been the subject of an audit. No representations concerning the debtor, particularly as to the debtor's future business operations and the value of its assets, are authorized by the debtor, other than as set forth in this disclosure statement. Any representations or inducements made to secure acceptance of the debtor's plan, which are other than as contained in this disclosure statement, should not be relied upon by any creditor or other interested party. The financial reports filed with this Court by the debtor, whether in connection with the instant disclosure statement, the plan of reorganization, or otherwise, are not warranted or represented by the debtor to be without any inaccuracies, although every reasonable effort has been undertaken by the debtor to assure the accuracy of any such financial data. The information contained in this Disclosure Statement has not been subject to a certified audit, and the records kept by the Debtor rely for their accuracy upon bookkeeping performed internally. Although only a certified audit can assure complete accuracy, every effort has been made to present accurate figures.

Definitions

The following terms, when used in this Disclosure Statement, unless the context otherwise requires, have the following respective meanings:

- a) "Allowed claim" shall mean a claim:
 - 1) with respect to which a Proof of Claim has been filed with the Court within the period of limitation fixed by Rule 3001 and Rule 3003 of the Federal Rules of Bankruptcy Procedure; or
 - 2) scheduled in the list of creditors prepared and filed by the debtor with the Court, and not listed as disputed, contingent, or unliquidated. Any creditors so scheduled are deemed to have filed a claim and, absent successful objection, such claim is deemed allowed.
- b) "Chapter 11" means Chapter 11 of Title 11 of the United States Code;
- c) "Confirmation of the Plan" means the date on which an Order by the Court confirming the debtor's plan becomes final and non-appealable;
- d) "Court" means the United States Bankruptcy Court, Northern District of Florida, Tallahassee Division;
- e) "Debtor" means Maddox Foundry & Machine Works, LLC, a Florida Limited Liability Company, hereinafter referred to as "Maddox" or "the Debtor," prior to and subsequent to the filing of the Chapter 11 Petition initiating the instant case;
- f) "Plan" means the debtor's Plan of Reorganization, which shall initially be filed with the Court simultaneously herewith;
- g) "Reorganization case" means the case for the reorganization of the debtor, which was commenced by the filing by the debtor of a voluntary petition under Chapter 11 of Title 11 of the United States Code, on 12 June 2013, and which is now pending before this Court, styled In re: Maddox Foundry & Machine Works, LLC, Chapter 11 Reorganization, Case No. 16-40168-KKS;
- h) "Secured claim" means an allowed claim secured by a lien, security interest or encumbrance not avoidable by the debtor, in or to property in which the debtor has an interest, and to the extent of the value of the respective claimholder's interest in the debtor's interest in such property.

II. BACKGROUND INFORMATION RELATING TO THE DEBTOR

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The company, Maddox Foundry & Machine Works, LLC, is a Florida Limited Liability Company owned by the granddaughter of its founder, Mary Hope, and her husband, Fletcher Hope. The Debtor does not contemplate any change in the management or ownership of the Debtor. The company's business is the operation of a specialty electric metal foundry in Gainesville, Florida.

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LIQUIDATION ANALYSIS:

ASSET	VALUE	DEBT	NET LIQUIDATION
Manufacturing facility: 13370 SW 170th Street, Archer, Alachua County, Florida	\$400,000	\$2,666,000*	\$0
Raw materials and finished goods	\$900,000	\$2,666,000*	\$0
Manufacturing equipment	\$1,300,000	\$2,666,000*	\$0
2009 Ford F-550 truck	\$15,000	\$0	\$15,000
2008 Ford Ranger truck	\$8,000	\$0	\$8,000
Cash and checking accounts	\$10,000	\$0	\$10,000

*The lien of Renasant Bank covers all hard assets of the Debtor other than vehicles.

This is a single debt of \$2,666,000, attached to the assets set forth above.

Section IV, below, discusses the post-petition reassignment of this claim.

Thus, if the assets of the Debtor were liquidated the estate would realize a gross return of less than \$50,000. However, the Debtor has outstanding federal tax liens in excess of \$250,000 and a priority tax debt of approximately \$75,000, such that a liquidation of the Debtor's assets would provide no dividend to unsecured creditors.

III. EVENTS WHICH LED TO CHAPTER 11 BANKRUPTCY FILING

Due to the general slowdown in the economy the Debtor was having difficulty meeting its debt service and operating budget. A catastrophic transformer accident in 2014 crippled the Debtor's manufacturing capability by damaging much of its equipment, further inhibiting the Debtor's ability to make its budget and debt service. The Debtor fell behind on its debt service to Renasant Bank, which holds a first mortgage against the Debtor's manufacturing facility. Renasant Bank was in the process of foreclosing its lien against the facility when the instant Chapter 11 Proceeding was filed.

IV. PLAN OVERVIEW

Since this filing, the Debtor has secured funding from a new lender, McGurn Foundry LLC. This lender has purchased the first position of Renasant Bank and now holds the lien against the Debtor's real estate and manufacturing materials. This lender is providing all funding for the Debtor's Plan, a single cash payment to pay all priority debts in full and a dividend to unsecured creditors. The Debtor has consolidated its operation and reduced its expenses which will allow the Debtor to successfully complete its proposed plan of reorganization without further detriment to its creditors.

IV. DEBTOR'S CURRENT OPERATION

The debtor projects income from its streamlined operation will remain fairly consistent, within the range shown in the monthly operating reports filed with the court. This budget will allow the Debtor to maintain its debt service to its new primary lender, McGurn Foundry LLC.

The officers and sole shareholders of Maddox Foundry & Machine Works, LLC, are its President, Mary M. Hope, granddaughter of the founder of the company, with a salary of \$41,600 per year, and its secretary/chief financial officer, Fletcher Hope, with a salary of \$84,000 per year. No change is contemplated in the ownership or salary structure of the Debtor.

Respectfully submitted, 10 February 2017.

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