

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:)	CHAPTER 11
)	
Derrick Pugh, Inc.,)	CASE NO. 18-54668-pmb
)	
Debtor.)	

**AMENDED DISCLOSURE STATEMENT WITH
REGARD TO CHAPTER 11 PLAN SUBMITTED
BY Derrick Pugh, Inc., DEBTOR AND DEBTOR
IN POSSESSION**

August 24, 2018

Filed by:

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Debtor and Debtor in Possession

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I. Introduction and General Information

This “Amended Disclosure Statement with Regard to Chapter 11 Plan Submitted by Derrick Pugh, Inc., Debtor and Debtor in Possession” (the “Disclosure Statement”) is submitted by Derrick Pugh, Inc. (the “Debtor”), to provide information to parties in interest about the “Amended Chapter 11 Plan Submitted by Derrick Pugh, Inc., Debtor and Debtor in Possession (the “Plan”) filed by the Debtor. This introductory section is qualified in its entirety by the detailed explanations which follow and the provisions of the Plan. This Amended Disclosure Statement is being filed to add a secured class of claims.

This Amended Disclosure Statement sets forth certain information regarding the Debtor’s pre- petition history and significant events that have occurred during the Debtor’s Chapter 11 Case. This Disclosure Statement also describes the Plan, alternatives to the Plan, and effects of confirmation of the Plan. In addition, this Disclosure Statement discusses the confirmation process.

This Disclosure Statement contains summaries of certain provisions of the Plan, statutory provisions, documents related to the Plan, events in the Debtor’s Chapter 11 Case, and financial information. Although the Debtor believes that the Plan and related document summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents or statutory provisions. The Debtor’s management provided the factual information contained in this Disclosure Statement unless otherwise specifically noted. The Debtor is unable to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission. The Debtor has not subjected the financial data set forth herein to an independent audit.

Nothing contained herein shall (1) constitute an admission of any fact or liability by any party, (2) be admissible in any non-bankruptcy proceeding involving the Debtor or any other party; provided, however, that in the event the Debtor defaults under the Plan, the Disclosure Statement may be admissible in a proceeding relating to such default for the purpose of establishing the existence of such default, or (3) be deemed conclusive advice on the tax or other legal effects of the Debtor’s Plan as to Holders of Claims or Interests. You should consult your personal counsel or tax advisor on any questions or concerns regarding tax or other legal consequences of the Plan.

Except for historical information, all the statements, expectations, and assumptions, including expectations and assumptions contained in this Disclosure Statement, are forward looking statements. Although the Debtor has used its best efforts to be accurate in making these forward looking statements, it is possible that the assumptions made by the Debtor may not materialize.

Parties voting on the Plan should read both the Plan and this Disclosure Statement.

A. Definitions

Unless otherwise defined, capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan.

B. The Disclosure Statement

The primary purpose of this Disclosure Statement is to provide parties with adequate information so that they can have a reasonable understanding of the Plan and the respective rights of the Debtor and each Creditor and Equity Member.

The Bankruptcy Court's approval of this Disclosure Statement constitutes neither a guaranty of the accuracy or completeness of the information contained herein, nor an endorsement of the Plan by the Bankruptcy Court.

When and if confirmed by the Bankruptcy Court, the Plan will bind the Debtor and all Holders of Claims against and Interests in the Debtor, whether or not they are entitled to vote. Thus, you are encouraged to read this Disclosure Statement carefully. This Disclosure Statement contains important information about the Plan, the method and manner of payments under the Plan, and developments concerning the Chapter 11 Case.

II. Voting on the Plan and the Confirmation Process

A. Voting

Only a Holder of an Allowed Claim classified in an impaired Class is entitled to vote on the Plan. Under § 1124 of the Bankruptcy Code, a Class is impaired under the Plan unless the Plan (1) leaves unaltered the creditor's legal, equitable, and contractual rights, or (2) cures any defaults under the creditor's contract, reinstates its maturity, compensates the creditor for damages, and does not otherwise alter the creditor's rights.

In order to have an Allowed Claim you must (1) have timely filed a proof of claim, or (2) been listed in the Schedules as having a Claim that is not contingent, unliquidated or disputed. You are not required to file proof of your Claim if your Claim is listed by the Debtor in the Schedules and is not shown as being contingent, unliquidated or disputed. If your Claim was scheduled as contingent, unliquidated or disputed, you do not have an Allowed Claim, cannot vote, and will not participate in any payments under the Plan until your Claim becomes an Allowed Claim.

Only Holders of Allowed Claims in an impaired Class may vote on the Plan. Creditors whose Claims are unclassified or unimpaired may not vote. Under the Plan, Administrative Expense Claims, Professional Fee Claims, and Post-Confirmation Administrative Expense Claims are unclassified and not entitled to vote on the Plan. Under the Plan, no classes are impaired.

B. Voting Instructions

A ballot with voting instructions is being distributed with this Disclosure Statement. Please read the instructions carefully to ensure that your vote will count.

IN ORDER FOR YOUR BALLOT TO COUNT, IT MUST BE RECEIVED WITHIN THE TIME INDICATED ON THE BALLOT AND THE BALLOT MUST CLEARLY INDICATE YOUR CLAIM, THE CLASS OF YOUR CLAIM, AND THE AMOUNT OF YOUR CLAIM.

BY ENCLOSING A BALLOT, THE DEBTOR IS NOT ADMITTING THAT YOU ARE ENTITLED TO VOTE ON THE PLAN, IS NOT ADMITTING THAT YOUR CLAIM IS ALLOWED AS SET FORTH ON THE BALLOT, AND IS NOT WAIVING ANY RIGHTS TO OBJECT TO YOUR VOTE OR YOUR CLAIM.

C. Requirements of Confirmation

The Bankruptcy Court can confirm the Plan only if all the requirements of § 1129 of the Bankruptcy Code are met. Those requirements include the following:

1. The Plan classifies Claims and Interests in a permissible manner;
2. The contents of the Plan comply with the technical requirements of the Bankruptcy Code;
3. The Plan has been proposed in good faith and not by any means forbidden by law;
4. The disclosures concerning the Plan are adequate and include information concerning all payments made or promised in connection with the Plan, as well as the identity, affiliations, and compensation to be paid to all officers, directors, and other insiders; and
5. The principal purpose of the Plan is not the avoidance of tax or the avoidance of the securities laws of the United States.

D. Confirmation Hearing

The Bankruptcy Court will schedule a hearing on confirmation of the Plan (“Confirmation Hearing”) as will be set forth in the Order Approving Disclosure Statement and Notice of Confirmation Hearing. The Confirmation Hearing may be adjourned from time to time without further notice except for announcement at the Confirmation Hearing or notice to those parties present at the Confirmation Hearing. Because this is a small business case, the Disclosure Statement may be preliminarily approved with a final hearing to be heard simultaneous with confirmation of the Chapter 11 Plan.

E. Objections to Confirmation

As will be set forth in the Order Approving Disclosure Statement and Notice of Confirmation Hearing, any objections to confirmation of the Plan must be in writing, set forth the objector's standing to assert any such objection, and must be filed with the Bankruptcy Court and served on counsel for the Debtor. The Order Approving Disclosure Statement and Notice of Confirmation Hearing contains all relevant procedures relating to the submission of objections to confirmation and should be reviewed in its entirety by any party who has an objection to confirmation.

III. Historical Background

A. Description of the Debtor.

Derrick Pugh, Inc. (“DP, Inc.”) is a company owned and operated by Derrick Pugh. Debtor is a Georgia based corporation in the trucking business. Debtor transports asphalt and various other construction materials throughout the state of Georgia. Debtor filed bankruptcy due to unforeseen and costly mechanical problems with its equipment..

B. The Debtor’s Liabilities and Assets

The Debtor’s liabilities can be ascertained from the Debtor’s schedules. As indicated by

Debtor's Schedules, Debtor's primary assets are listed in the attached "Exhibit "A". Debtor's liabilities are primarily secured claims secured by the foregoing vehicles and trailers used in the business.

C. Financials: The operating budget for 10 months is attached to this Disclosure Statement as Exhibit "A".

IV. Reasons for Filing

See Section III.A.

V. Description of the Plan

A. Treatment of Leases and Contracts

The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than sixty (60) days after the date of the order confirming this Plan.

B. Treatment of Claims and Interests

(1) Administrative Claims. Allowed Administrative Claims are not classified in the Plan and are treated as follows:

- (a) Payment of Allowed Administrative Claims. Holders of Allowed Administrative Claims other than Professional Fee Claims will be paid in full in cash as soon as practicable after the later of the Effective Date or the date such Claim becomes an Allowed Administrative Claim, unless otherwise agreed to by the Holder thereof. Other than quarterly United States Trustee's fees, which will be paid as they come due, and Professional Fee Claims, which may be filed at any time prior to entry of a Final Decree, any request for payment of an Administrative Claim arising on or before the Confirmation Date must be filed no later than the Claims Bar Date (for purposes of Administrative Claims, the first Business Day that is sixty (60) days after the Effective Date) or such Administrative Claim will be forever barred. The Reorganized Debtor (defined as the Debtor after the Effective Date of the Plan, which is ten (10) Business Days following entry of the Confirmation Order) will have the right to object to the allowance of any Administrative Claim.
- (b) Payment of Professional Fee Claims. Professional Fee Claims with regard to the period prior to entry of the Confirmation Order will be paid in the amount awarded pursuant to orders of the Bankruptcy Court and will be paid in full in Cash as soon as practicable after the later of the Effective Date or the date such Claim becomes an Allowed Administrative Claim, unless otherwise agreed to by the Holder thereof. As of the date of this Disclosure Statement, the estimated professional fees for Wiggam & Geer, LLC are \$30,000.00.
- (c) Post-Confirmation Fees and Expenses. Post-Confirmation Administrative Claims (defined as costs and expenses incurred, after the Confirmation Date, in

connection with administration and consummation of the Plan), other than Post-Confirmation Professional Fee Claims (defined as Post-Confirmation Administrative Claims for compensation earned, and reimbursement of expenses incurred, by attorneys, accountants, or other professionals employed by the Reorganized Debtor), will be paid as the same come due, without the necessity of Bankruptcy Court approval. Upon motion of any party in interest, the Bankruptcy Court may review any payment of such Post-Confirmation Administrative Claims and, if appropriate, order the return or refund of any such payment. Post-Confirmation Professional Fee Claims will be subject to review by the Notice Parties. A party seeking payment of a Post-Confirmation Professional Fee Claim must serve its invoice on the Notice Parties. Unless one or more of the Notice Parties files an objection with the Bankruptcy Court within fourteen (14) days of the receipt of the invoice, the Reorganized Debtor will be fully authorized without an order of the Bankruptcy Court to pay, on a monthly basis, one hundred percent (100%) of the fees and one hundred percent (100%) of the expenses incurred. If an objection is filed, then the Reorganized Debtor will still be fully authorized without an order of the Bankruptcy Court to pay, on a monthly basis, one hundred percent (100%) of the fees and one hundred percent (100%) of the expenses incurred that are not the subject to an objection. The Bankruptcy Court will retain jurisdiction over any objections to such fees and expenses that are filed and will be authorized to determine whether to allow any disputed Post-Confirmation Professional Fee Claims following a hearing on no less than fourteen (14) days notice to the parties to the dispute. After entry of a Final Decree, Post-Confirmation Professional Fee Claims will be paid as due without notice to the Notice Parties.

(2) Treatment of Priority Claims. The IRS has filed a proof of claim in the amount of \$7,858.57. If the IRS's claim is allowed, it will be paid upon terms consistent with § 1129(a)(9)(C) of the Code.

(3) Treatment of Classified Claims and Interests. Following Confirmation, all secured creditors shall retain their Liens against the Property. All retained Liens shall have the same priority and validity as existed as of the Petition Date. The Classified Claims and Interests, and their treatment, are as follows:

Class 1 (Secured Claims of BMO Transportation Finance): Class 1 consists of the secured claims of BMO Harris Bank, N.A. ("BMO"). BMO shall retain its liens on all accompanying assets to the same extent, validity, and priority as existed on the Filing Date. The BMO claims are classified as follows:

Upon information and belief, BMO holds a first priority security interest in the following equipment: 2015 MACK CHU613 (VIN ending in 8149), 2014 MACK CHN 613 (VIN ending in 7204), 2016 Peterbilt 389 (VIN ending in 7166), 2016 Peterbilt 389 (VIN ending in 7167), 2016 Peterbilt 389 (VIN ending in 7168), 2016 Peterbilt 389 (VIN ending in 7169) (collectively, the "Class 1 Collateral"). Debtor asserts that the balance owed to BMO is \$608,194.37. Debtor values the Class 1 Collateral at \$440,000.00 (the "Secured Class 1 Claim") pursuant to 11 U.S.C. §506.

Debtor shall surrender the Class 1 Collateral to BMO. The \$168,194.37 unsecured deficiency claim of BMO shall be treated as a general unsecured claim.

The Claim of the Class 1 Lender is impaired by the Plan and the Holder of Class 1 Claims

is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 2 (Element Transportation II, LLC) Class 2 consists of the secured claim of Element Transportation II, LLC (“Element”). Upon information and belief, Element holds a first priority security interest in the following collateral: 2016 Peterbilt 289 Tractor (VIN ending in 7170) (the “Class 2 Collateral”). Debtor asserts that the balance owed to Element is \$113,989.00. Debtor values the Class 2 Collateral at \$90,000.00 pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 2 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$1,491.56 per month and shall send such payments directly to Element. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 2 Claim. Element shall retain its lien on the Class 2 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$90,000.00). The \$23,989.00 deficiency claim of Element shall be treated as a general unsecured claim.

The Claim of the Class 2 Lender is impaired by the Plan and the Holder of Class 2 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 3 (Balboa Capital Corporation) Class 3 consists of the secured claim of Balboa Capital Corporation (“Balboa”). Upon information and belief, Balboa holds a first priority security interest in the following collateral: 2016 East Commercial Trailer (VIN ending in 3802) and 2015 East Commercial Trailer (VIN ending in 3601) (the “Class 3 Collateral”). Debtor asserts that the balance owed to Element is \$53,546.50. Debtor values the Class 3 Collateral at \$53,546.50 pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 3 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$887.42 per month and shall send such payments directly to Element. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 2 Claim. Element shall retain its lien on the Class 2 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$53,546.50).

The Claim of the Class 3 Lender is impaired by the Plan and the Holder of Class 3 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 4 (Mission Financial Services Corp.) Upon information and belief, Mission Financial Services Corp. (“Mission”) holds a first priority security interest in the following collateral: one 2007 Sterling LT-9511 (VIN ending in 3248) and 2004 Sterling LT-9511 (VIN ending in 2762) (collectively, the “Class 4 Collateral”). Debtor asserts that the balance owed to MISSION is \$22,979.25. Debtor values the Class 4 Collateral at \$22,000.00 (the “Secured Class 4 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 4 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing

on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$364.60 per month and shall send such payments directly MISSION. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 5 Claim. MISSION shall retain its lien on the Class 5 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$22,000.00). Any adequate protection payments paid to MISSION shall reduce the principal balance of the Secured Class 4 claim.

The Claim of the Class 4 Lender is impaired by the Plan and the Holder of Class 4 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 5 (Amur Equipment Finance). Upon information and belief Amur Equipment Finance (“Amur”) holds a first priority security interest in the following collateral: 2016 East Dump Trailer (Serial Number ending in 4690) (the “Class 5 Collateral”). Debtor asserts that the balance owed to Amur is \$36,746.26. Debtor values the Class 5 Collateral at \$25,000.00 (the “Secured Class 5 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 5 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$414.32 per month and shall send such payments directly Amur. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 5 Claim. Amur shall retain its lien on the Class 5 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$25,000.00). Any adequate protection payments paid to Amur shall reduce the principal balance of the Secured Class 5 claim.

The Claim of the Class 5 Lender is impaired by the Plan and the Holder of Class 5 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 6 (Bryn Mawr Equipment Finance, Inc.). Upon information and belief Bryn Mawr Equipment Finance, Inc. (“Bryn Mawr”) holds a first priority security interest in the following collateral: 2016 East Dump Trailer (Serial Number ending in 4691) (the “Class 6 Collateral”). Debtor asserts that the balance owed to Bryn Mawr is \$39,536.34. Debtor values the Class 6 Collateral at \$25,000.00 (the “Secured Class 6 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall surrender the Class 6 collateral to Bryn Mawr in satisfaction of its secured claim. Bryn Mawr shall have an unsecured deficiency claim for \$14,536.34.

The Claim of the Class 6 Lender is impaired by the Plan and the Holder of Class 6 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 7 (Blue Bridge Financial, LLC). Upon information and belief Blue Bridge Financial, LLC (“Blue Bridge”) holds a first priority security interest in the following collateral: 2015 Etnyre Semi-Tank Trailer (Serial Number ending in 7157) (the “Class 7 Collateral”). Debtor asserts that the balance owed to Blue Bridge is \$45,162.68. Debtor values the Class 7 Collateral at \$25,000.00 (the “Secured Class 7 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 7 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$414.32 per month and shall send such payments directly Blue Bridge. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 7 Claim. Blue Bridge shall retain its lien on the Class 7 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$25,000.00). Any adequate protection payments paid to Blue Bridge shall reduce the principal balance of the Secured Class 7 claim. The \$20,162.68 deficiency claim of Blue Bridge shall be treated as a general unsecured claim.

The Claim of the Class 7 Lender is impaired by the Plan and the Holder of Class 7 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 8 (M2 Lease Funds, LLC). Upon information and belief M2 Lease Funds, LLC (“M2”) holds a first priority security interest in the following collateral: 2016 Ford Transit Truck (VIN ending in 5124) (the “Class 8 Collateral”). Debtor asserts that the balance owed to M2 is \$28,707.00. Debtor values the Class 8 Collateral at \$25,000.00 (the “Secured Class 8 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 8 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$414.32 per month and shall send such payments directly M2. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 8 Claim. M2 shall retain its lien on the Class 8 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$25,000.00). Any adequate protection payments paid to M2 shall reduce the principal balance of the Secured Class 8 claim. The \$3,707 deficiency claim of M2 shall be treated as a general unsecured claim.

The Claim of the Class 8 Lender is impaired by the Plan and the Holder of Class 8 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 9 (Branch Banking and Trust Company). Upon information and belief Branch Banking and Trust Company (“BB&T”) holds a first priority security interest in the following collateral: 2006 Alumatech Dump Trailer (Serial Number ending in 5319) (the “Class 9 Collateral”). Debtor asserts that the balance owed to BB&T is \$9,128.37. Debtor values the Class 9 Collateral at \$9,000.00 (the “Secured Class 9 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 9 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$149.16 per month and shall send such payments directly BB&T. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 9 Claim. BB&T shall retain its lien on the Class 9 Collateral and the lien shall be valid and fully enforceable to the same validity,

extent and priority as existed on the Filing Date (\$9,000.00). Any adequate protection payments paid to BB&T shall reduce the principal balance of the Secured Class 9 claim. The \$128.37 deficiency claim of BB&T shall be treated as a general unsecured claim.

The Claim of the Class 9 Lender is impaired by the Plan and the Holder of Class 9 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 10 (SunTrust Bank). Upon information and belief SunTrust Bank (“SunTrust”) holds a first priority security interest in the following collateral: 2012 Ford SRW Super Duty – (VIN ending in 4961) (the “Class 10 Collateral”). Debtor asserts that the balance owed to SunTrust is \$12,409.81. Debtor values the Class 10 Collateral at \$12,000.00 (the “Secured Class 10 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 10 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$198.87 per month and shall send such payments directly SunTrust. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 10 Claim. SunTrust shall retain its lien on the Class 10 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$12,000.00). Any adequate protection payments paid to SunTrust shall reduce the principal balance of the Secured Class 10 claim. The \$409.81 deficiency claim of SunTrust shall be treated as a general unsecured claim.

The Claim of the Class 10 Lender is impaired by the Plan and the Holder of Class 10 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 11 (SunTrust Bank). Upon information and belief SunTrust Bank (“SunTrust”) holds a first priority security interest in the following collateral: 2015 Dodge Truck (VIN ending in 0511) (the “Class 11 Collateral”). Debtor asserts that the balance owed to SunTrust is \$32,487.24. Debtor values the Class 11 Collateral at \$25,000.00 (the “Secured Class 11 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 11 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$414.32 per month and shall send such payments directly SunTrust. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 11 Claim. SunTrust shall retain its lien on the Class 11 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$25,000.00). Any adequate protection payments paid to SunTrust shall reduce the principal balance of the Secured Class 11 claim. The \$7,487.24 deficiency claim of SunTrust shall be treated as a general unsecured claim.

The Claim of the Class 11 Lender is impaired by the Plan and the Holder of Class 11 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 12 (MACK Financial Services). Upon information and belief MACK Financial

Services (“MACK”) holds a first priority security interest in the following collateral: 2015 MACK CHU613 (VIN ending in 8150) and 2015 MACK CHN613 (VIN ending in 8151) (the “Class 12 Collateral”). Debtor asserts that the balance owed to MACK is \$129,843.76. Debtor values the Class 12 Collateral at \$100,000 (the “Secured Class 12 Claim”) pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 12 Claim amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$1,657.29 per month and shall send such payments directly MACK. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 12 Claim. MACK shall retain its lien on the Class 12 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$100,000.00). Any adequate protection payments paid to MACK shall reduce the principal balance of the Secured Class 12 claim. The \$29,843.76 deficiency claim of MACK shall be treated as a general unsecured claim.

The Claim of the Class 12 Lender is impaired by the Plan and the Holder of Class 12 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 13 (First American Title Lending of Georgia, LLC). Upon information and belief First American Title Lending of Georgia, LLC (“FATL”) holds a first priority security interest in the following collateral: 1999 MACK Truck (VIN ending in 8970) and 2005 MACK Truck (VIN ending in 1795) (the “Class 13 Collateral”). Because this is a pawn contract, Debtor must continue to redeem the contract on a month-to-month basis pursuant to the underlying pawn contracts. Any additional payments made by Debtor above the redemption amount will be applied toward the principal balance of the contract until it is paid in full.

The Claim of the Class 13 Lender is impaired by the Plan and the Holder of Class 13 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 14 (ENGs Commercial Finance). Upon information and belief ENGs Commercial Finance (“ENGs”) holds a first priority security interest in the following collateral: 2015 East Tandem Semi Dump Trailer (VIN ending in 0631) and 2006 Sterling LT950 (VIN ending in 0246) (the “Class 14 Collateral”). Debtor asserts that the balance owed to ENGs is \$25,366.00 (the “Secured Class 14 Claim”). Debtor values the Class 14 Collateral at \$50,000.00 pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 14 Claim in full (\$25,366.00) amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$420.39 per month and shall send such payments directly ENGs. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 14 Claim. ENGs shall retain its lien on the Class 14 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$50,000.00). Any adequate protection payments paid to ENGs shall reduce the principal balance of the Secured Class 14 claim.

The Claim of the Class 14 Lender is impaired by the Plan and the Holder of Class 14 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 15 (Concrete Mobility, LLC). Upon information and belief Concrete Mobility, LLC (“CMLLC”) holds a first priority security interest in the following collateral: 2016 East Genesis Dump Trailer (the “Class 15 Collateral”). Debtor asserts that the balance owed to CMLLC is \$6,525.00 (the “Secured Class 15 Claim”). Debtor values the Class 15 Collateral at \$15,000.00 pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 15 Claim in full (\$6,525.00) amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$108.14 per month and shall send such payments directly CMLLC. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 15 Claim. CMLLC shall retain its lien on the Class 15 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$6525.00). Any adequate protection payments paid to CMLLC shall reduce the principal balance of the Secured Class 15 claim.

The Claim of the Class 15 Lender is impaired by the Plan and the Holder of Class 15 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 16 (Garden Spot). Upon information and belief Garden Spot Frame and Alignment, Inc. (“Garden spot”) holds a first priority security interest in the following collateral: 2016 Peterbilt 389 (VIN ending in 7166) and a Timpte Trailer, VIN 1TDH4222OFB150091 (the “Class 16 Collateral”). Debtor asserts that the balance owed to GardenSpot is \$37,948.27 (the “Secured Class 16 Claim”). Debtor values the Class 16 Collateral at \$90,000.00 pursuant to 11 U.S.C. §506. Garden Spot initiated work on the Class 16 Collateral prior to the Petition Date. Garden Spot’s lien is possessory in nature. As of the Effective Date, Garden Spot must surrender the Peterbilt with VIN ending in 7166 to BMO Harris and the Timpte Trailer with VIN ending in 0091 to Debtor.

Debtor shall pay the Secured Class 16 Claim in full (\$37,948.27) amortized over a (24) twenty-four month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$1,681.89 per month and shall send such payments directly Garden Spot. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 16 Claim. Garden Spot shall retain its lien on the Class 16 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$37,948.27). Any adequate protection payments paid to Garden Spot shall reduce the principal balance of the Secured Class 16 claim.

The Claim of the Class 16 Lender is impaired by the Plan and the Holder of Class 16 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 17 (MHC Kenworth). Upon information and belief MHC Kenworth – East Atlanta

(“MHC Kenworth”) holds a second priority security interest in the following collateral: 2016 Peterbilt 389 (VIN ending in 7168) (the “Class 17 Collateral”). Debtor asserts that the balance owed to MHC Kenworth is \$15,624.30 (the “Secured Class 17 Claim”). Debtor values the Class 17 Collateral at \$90,000.00 pursuant to 11 U.S.C. §506. MHC Kenworth initiated work on the Class 17 Collateral prior to the Petition Date. MHC Kenworth’s lien is possessory in nature. As of the Effective Date, MHC Kenworth must surrender the Peterbilt with VIN ending in 7168 to BMO Harris. Because there is no equity in the Class 17 Collateral, MHC Kenworth’s lien shall be stripped and treated as a general unsecured claim in Class 20. Upon confirmation of the Plan, MHC shall surrender the Class 17 Collateral to BMO Harris.

The Claim of the Class 17 Lender is impaired by the Plan and the Holder of Class 17 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 18 (Hitachi Capital America Corp.). Upon information and belief Hitachi Capital America Corporation (“Hitachi”) holds a first priority security interest in the following collateral: 2008 MACK CHN Tractor (VIN ending in 2278) and 2008 MACK CHN Tractor (VIN ending in 2279) (the “Class 18 Collateral”). Debtor asserts that the balance owed to HITACHI is \$5,250.28 (the “Secured Class 18 Claim”). Debtor values the Class 15 Collateral at \$70,000.00 pursuant to 11 U.S.C. §506.

Debtor shall pay the Secured Class 18 Claim in full (\$5,250.28) amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$87.01 per month and shall send such payments directly HITACHI. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 18 Claim. HITACHI shall retain its lien on the Class 18 Collateral and the lien shall be valid and fully enforceable to the same validity, extent and priority as existed on the Filing Date (\$5,250.28). Any adequate protection payments paid to HITACHI shall reduce the principal balance of the Secured Class 18 claim.

The Claim of the Class 18 Lender is impaired by the Plan and the Holder of Class 18 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 19 (Bank of the Ozarks). Upon information and belief Bank of the Ozarks (“BOO”) holds a first priority security interest in the following collateral: 2015 East Dump Trailer and 2015 Timppe Super Hopper Trailer (the “Class 19 Collateral”). Debtor asserts that the balance owed to BOO is \$17,758.08 on the 2015 East Dump Trailer and \$19,724.64 on the 2015 Timppe Trailer (the “Secured Class 19 Claims”). Debtor values the Class 19 Collateral at \$30,000.00 pursuant to 11 U.S.C. §506. The remaining \$7,482.72 deficiency claim shall be treated as a general unsecured creditor in Class 20.

Debtor shall pay the Secured Class 19 Claims at \$30,000.00 amortized over a (72) seventy-two month term with interest accruing at the annual rate of 6.0% from the Effective Date with payment commencing on the 10th of the month following the Effective Date and continuing by the 10th day of each subsequent month in the estimated amount of \$497.19 per month and shall send such payments directly BOO. Any payments in excess of the aforementioned monthly payment after the Effective Date shall be applied to the principal balance of the Secured Class 19 Claim. BOO shall retain its lien on the Class 19 Collateral and the lien shall be valid and fully enforceable

to the same validity, extent and priority as existed on the Filing Date (\$30,000.00). Any adequate protection payments paid to BOO shall reduce the principal balance of the Secured Class 19 claim.

The Claim of the Class 19 Lender is impaired by the Plan and the Holder of Class 19 Claims is entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of claim. Debtor reserve the right to object to any and all claims.

Class 20 (General Unsecured Claims). Class 20 consists of all general unsecured creditors of the Debtor, including all Secured Claimants' deficiency claims that are reclassified as Class 20 claimants. Holders of Class 20 claims shall be paid \$30,000.00 in semi-annual installments beginning on the 6th month anniversary after the Effective Date and continuing for 6 years for a total of twelve payments of \$2,500.00. Payments on Class 20 claims shall be mailed to the address of the creditor on the proof of claim (or, if allowed pursuant to the schedules, to the address on the schedules), unless the creditor files a change of address notice with the Court. Any check mailed to the proper address and returned by the post office as undeliverable, or not deposited within 120 days, shall be void and the funds may be retained by the Debtor. This class is impaired and entitled to vote. Nothing herein shall constitute an admission as to the nature, validity, or amount of any claim. Debtor reserves the right to object to any and all claims.

Class 21 (Equity Security Holders). Class 21 consists of the Equity Holders of the Debtor. Each equity security holder will retain its/his Interest in the reorganized Debtor as such Interest existed as of the Petition Date. This class is not impaired and is not eligible to vote on the Plan.

(3) **Funding of the Plan.** Funds necessary to fund the plan will be derived from the profits of DP, Inc..

(4) **Avoidance Actions and Causes of Action.** The Debtor does not believe there are any Avoidance Actions or Causes of Action and, accordingly, will not pursue any.

C. Retention of Property by Debtor

Upon confirmation, Debtor will retain all of the property of the estate free and clear of liens, claims, and encumbrances not expressly retained by Creditors. Debtor will have the rights and powers to assert any and all Causes of Action (defined as all causes of action, choses in action, claims, rights, suits, accounts or remedies belonging to or enforceable by Debtor, including Avoidance Actions, whether or not matured or unmatured, liquidated or unliquidated, contingent or noncontingent, known or unknown, or whether in law or in equity, and whether or not specifically identified in Debtor's schedules). Debtor specifically reserves any cause of action against any of Debtor's account debtors related to underpayment or non-payment of any fees, or other monies or receivables due. Debtor specifically reserves any all claims related to any potential Adversary Proceedings including, without limitation, the right to recover property from any Defendant in a potential Adversary Proceeding. Neither the Disclosure Statement nor Plan shall be deemed a waiver of any right of Debtor to collect any receivable or right to payment under any applicable laws. Debtor expressly reserves the right to exercise any and all remedies available to Debtor regarding its accounts receivable or rights to payment at law or in equity, at such time or times as Debtor from time to time may elect. The Disclosure Statement and Plan are filed with a full reservation of rights.

VI. Tax Consequences

Tax consequences resulting from confirmation of the Plan can vary greatly among the various Classes of Creditors and Interests, or within each Class. Significant tax consequences may occur as a result of confirmation of the Plan under the Internal Revenue Code and pursuant to state, local, and foreign tax statutes. Because of the various tax issues involved, the differences in the nature of the Claims of various Creditors, the taxpayer status and methods of accounting and prior actions taken by Creditors with respect to their Claims, as well as the possibility that events subsequent to the date hereof could change the tax consequences, this discussion is intended to be general in nature only. No specific tax consequences to any Creditor or Holder of an Interest are represented, implied, or warranted. Each Holder of a Claim or Interest should seek professional tax advice, including the evaluation of recently enacted or pending legislation, because recent changes in taxation may be complex and lack authoritative interpretation.

THE PROPONENT ASSUMES NO RESPONSIBILITY FOR THE TAX EFFECT THAT CONSUMMATION OF THE PLAN WILL HAVE ON ANY GIVEN HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

The receipt by a Creditor or Interest Holder of Cash or property in full or partial payment of its Claim or Interest may be a taxable event. To the extent that a portion of the Cash or the fair market value of any property received is attributable to accrued and unpaid interest on a Claim being paid, a Creditor may recognize interest income. A Creditor or Interest Holder may also recognize gain or loss equal to the difference between the sum of the amount of cash received and the adjusted basis in the Claim or Interest for which the Holder receives amounts under the Plan. Such gain or loss may be treated as ordinary or capital depending upon whether the Claim or Interest is a capital asset.

VII. “Best Interests” Test

In order to confirm the Plan the Bankruptcy Court must determine that the Plan is in the best interest of all Creditors that do not accept the Plan. The “Best Interest Test” requires that the Plan provide each member of each impaired Class a recovery that has a present value at least equal to the present value of the distribution that each Creditor would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

If the Debtor was liquidated under Chapter 7, a trustee would be appointed to liquidate the assets of the Debtor and distribute the proceeds in accordance with the legal priorities established under Bankruptcy Code. All expenses of the Chapter 7 case, including fees of the trustee, the attorneys’ fees for the trustee’s counsel, accountants, and other professionals appointed in the Chapter 7 case, are paid in full before any payments may be made on account of Administrative Claims in the Chapter 11 case, which in turn must be paid in full before any payments would be made to pre-petition Creditors. In this case, all debtor’s assets are encumbered by secured claims. If this case were converted to one under Chapter 7, there would be no recovery to unsecured creditors; therefore, the \$30,000 recovery is more than sufficient to satisfy the “best interests” of creditors test. Accordingly, the Debtor believes that confirmation of the Plan is in the best interest of Creditors because all creditors are being paid in full.

VIII. PURPOSE OF DISCLOSURE STATEMENT

This Disclosure Statement has been prepared and presented for the purpose of permitting

you to make an informed judgment regarding the Plan. Please read the Plan in full and consult with your counsel if you have questions. If the Plan is confirmed, its terms and conditions will be binding on all parties in interest. The Debtor believes that the Plan is in the best interest of the Creditors and the Equity Member.

IX. MODIFICATIONS OR WITHDRAWALS OF PLAN

The Debtor may alter, amend, or modify the Plan under § 1127(a) of the Bankruptcy Code at any time before the Confirmation Date, so long as the Plan, as modified, meets the requirements of §§ 1122 and 1123. The Debtor may also alter, amend, or modify the Plan under § 1127(b), following the Confirmation Date but before the Effective Date. The Debtor may revoke or withdraw the Plan before the Confirmation Date. If the Plan is revoked or withdrawn before the Confirmation Date, the Plan shall be of no force or effect, and shall be deemed null and void. If the Plan is revoked or withdrawn before the Confirmation Date, nothing contained herein shall in any way effect or prejudice the rights of the Debtor with regard to Claims, Avoidance Actions, or any other rights or interests. After confirmation, the plan may be modified pursuant to § 1127(e).

X. Objections to Claims, Counterclaims, and Avoidance Actions

The Debtor believe that the claims resolution process should not delay Confirmation of the Plan. The Debtor reserve the right to file objections to any Claims, either as currently filed or as may be amended. In order to expedite payments to creditors, the Debtor seek Confirmation notwithstanding the fact that certain Claims may be disputed. The fact that the Debtor may have not objected to a particular Claim does not mean that the Debtor will not object to such Claim. Accordingly, the Debtor make no representations either in the Plan or this Disclosure Statement as to the validity of any Claim filed, and Creditors should not make any assumption based upon the fact that no objection has yet been filed to any individual Claim.

XI. 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. 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.

XII. CONCLUSION

The Debtor believe the Plan is in the best interests of Creditors and Equity Members and is feasible. Accordingly, the Debtor request that the Court confirm the Plan.

Dated this 24th day of August, 2018

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By: /s/ Will B. Geer
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/s/
Derrick Pugh, President of Plan Proponent Derrick Pugh, Inc.

BUDGET

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