

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:)	Chapter:	11
)		
Pavel Savenok,)	Case No:	15-5998
)		
Debtor.)	Judge:	Hon. Jack B. Schmetterer

**SECOND AMENDED DISCLOSURE STATEMENT FOR SECOND AMENDED
PLAN OF REORGANIZATION PROPOSED BY DEBTOR**

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I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the Chapter 11 case of Pavel Savenok (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization Dated August 12, 2016 (the "Plan") filed by the Debtor. A full copy of the Plan is attached to this Disclosure Statement as Exhibit A. Your rights may be affected. You should read the Plan and this Disclosure Statement carefully and discuss them with your attorney. If you do not have an attorney, you may wish to consult one. The proposed distributions under the Plan are discussed at pages 7 through 9 of this Disclosure Statement.

A. Purpose of This Document

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),
- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why the Debtor believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

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

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

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

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

The hearing at which the Court will determine whether to approve this Disclosure Statement and confirm the Plan will take place on _____ 2016, at ____ a.m., in Courtroom 682, at the United States Bankruptcy Court, 219 S. Dearborn St., Chicago, Illinois, 60604.

2. Deadline For Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to the Clerk of the United States Bankruptcy Court, 219 South Dearborn Street, Room 713, Chicago, Illinois 60604. See section IV.A. below for a discussion of voting eligibility requirements. Your ballot must be received by _____, 2016 or it will not be counted.

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

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed with the Court on or before _____, 2016 and served upon the Clerk of the United States Bankruptcy Court, 219 South Dearborn Street, Room 713, Chicago, Illinois 60604, with copies served on the Debtor's

counsel, Joshua D. Greene, Springer Brown, LLC, 300 South County Farm Rd., Suite I, Wheaton, Illinois 60187, the United States Trustee, 219 South Dearborn Street., Room 873, Chicago, IL 60604, and the official service list of this case.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Chapter 11 Debtor's counsel, Joshua D. Greene, Springer Brown, LLC, 300 South County Farm Rd., Suite I, Wheaton, Illinois 60187.

C. Disclaimer

The Court will approve this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms at a hearing scheduled for _____, 2016. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court may approve this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. The Court's approval of this Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan. Objections to the adequacy of this Disclosure Statement must be filed on or before _____, 2016.

II. BACKGROUND

A. Description and History of the Debtor's Business Affairs

The Debtor is an individual residing in the State of Illinois, town of Wheaton. The Debtor holds an ownership interest in several business entities through the Paul Savenok Trust dated April 23, 2003. The Debtor's primary business affairs focus on construction, oil and gas well development, and patent consulting. The Debtor holds interests in Skyline Plastering, Inc., Stucco Molding, Inc., Royal Corinthian, Inc. and Fox Valley Contractors, LLC which are in the construction business. Debtor also holds an interest in PLS Energy, LLC, Farnham Development, LLC and Cenco Development, LLC, which hold working interests in oil and gas wells in Louisiana that are in various stages of development. Finally, Debtor holds an interest in Pavelid Technology, LLC, Sava Media, Inc. and Remote Media, LLC, which are holding companies for patent rights or are engaged in businesses involving the development of patent rights.

B. Events Leading to Chapter 11 Filing

The filing of the Debtor's Chapter 11 case was precipitated by litigation involving two creditors. First, Nationstar Mortgage, LLC, the Debtor's primary mortgage lender instituted foreclosure proceedings in the Circuit Court of Dupage County, Illinois to foreclose on the Debtor's personal residence. In addition, Thornwell AMP, LLC, an investor in an oil and gas project in Louisiana, filed suit against the Debtor in the U.S. District Court for the Northern District of Illinois to recover over \$2 million based on the alleged breach of the Debtor's guaranty of its investment. The bankruptcy was filed shortly after Thornwell AMP, LLC filed suit against the Debtor.

C. Significant Events During the Bankruptcy Case

The debtor has continued to operate his businesses and can pay his creditors more than the liquidation value of the estate which would result from a distribution in a hypothetical Chapter 7. The Debtor believes that his income and profitability will continue to increase after he exits bankruptcy.

D. Projected Recovery of Avoidable Transfers

The Debtor has investigated all potential avoidance actions and does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

E. Claims Objections

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

F. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B, which is the Debtor's Schedule B filed in the bankruptcy case, and an estimate of the value of the various entities of which the Debtor holds an interest is attached as Exhibit C. A summary of the Debtor's periodic operating reports filed since the commencement of the Debtor's bankruptcy case is set forth in Exhibit D.

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

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

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

B. Unclassified Claims

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

1. Administrative Expenses

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

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

Type	Document Estimated Amount Owed	Page 6 of 14 Proposed Treatment
Expenses Arising in the Ordinary Course of Business after the <u>Petition Date</u>	None	Paid in full on the effective date of the Plan.
The Value of Goods Rec'd in the ordinary Course of Business within 20 days of <u>the Petition Date</u>	None	Paid in full on the effective date of the Plan.
Professional Fees, as approved by the Court	Est. \$50,000	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan.
Clerk's Office Fees	None	Paid in full on the effective date of the Plan
Other administrative expenses	None	Paid in full on the effective date of the Plan
Office of the U.S. Trustee Fees	Est. \$0	Paid in full on the effective date of the Plan
Total	\$50,000	

2. Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a)(8) of the Code. Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief. The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan.

Description	Amount Owed	Treatment
IDOR income taxes	\$21,960.38	Monthly payment of \$366.00 per month for 60 months. Payments begin on effective date of Plan.

C. Classes of Claims and Equity Interests

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

Classes of Secured Claims

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

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

Class 1: Secured Claim of Nationstar Mortgage, LLC

Debtor is the sole beneficiary of the Paul Savenok Revocable Trust dated April 13, 2003, which holds a 1% ownership interest in the Debtor's personal residence located at 102 East Farnham Lane, Wheaton, Illinois (the "Property"). The Property is subject to a first mortgage in favor of Nationstar Mortgage, LLC, a second mortgage in favor of Community Bank-Wheaton/Glen Ellyn and a third mortgage in favor of EL Funding Partnership, LLC. The value of the Property is estimated to be \$1,200,000.00 and Nationstar Mortgage, LLC is owed \$2,427,218.51 according to its proof of claim. Since the Property is worth less than the amount due and owing on the first mortgage, the claims of Community Bank-Wheaton/Glen Ellyn and EL Funding Partnership, LLC are wholly unsecured. Those claims are addressed in classes 3-4.

The Debtor is marketing the Property to potential purchasers for a short sale. In the event a short sale offer is accepted, the Property will be sold in accordance with the short sale contract. Nationstar shall not have an unsecured deficiency claim once the Property is sold. The claim of Class 1 is impaired.

Class 2: Secured Claim of American Honda Finance Corporation

Debtor owns a 2011 Honda Odyssey that is financed by Honda Finance Corporation. The Debtor intends to keep the vehicle and make payments to Honda in the amount of \$548.58 per month until the loan is paid off. The claim of American Honda Finance Corporation is unimpaired.

Class 3: Claim of Wheaton Bank & Trust

Wheaton Bank & Trust Company filed a claim in the amount of \$1,245,440.75 based on a loan secured by a mortgage on the Debtor's personal residence and personal guaranties for business loans made to Royal Corinthian, Inc. and 2PS Enterprises, Inc. The loan to Royal Corinthian, Inc. is secured by substantially all of the assets of Royal Corinthian, Inc. and is being paid in a timely manner by Royal Corinthian, Inc. The loans to 2P.S. Enterprises, Inc. are secured by a mortgage on real estate owned by 2P.S. Enterprises, Inc. which is worth more than what is owed to Wheaton Bank, and the company is making timely payments on the loan. Since both loans are secured by assets worth more than the amount of the loan and the loans are being paid in a timely manner by both Royal Corinthian, Inc. and 2P.S. Enterprises, Inc. the Debtor will not make direct payments to either loan under the plan.

Wheaton Bank is also owed \$257,937.64 based on a personal loan to the Debtor which is secured by a mortgage on the Debtor's personal residence. Debtor shall make monthly payments to Wheaton Bank in the amount of \$1,250.00 over a period of five years for a total of \$75,000. In addition, Wheaton Bank shall be entitled to any proceeds from a short sale of the Debtor's residence to the extent agreed to by the first mortgage holder

Class 4: Claim of EL Funding Partnership, LLC

According to its proof of claim, EL Funding Partnership, LLC (“EL”) is owed \$2,133,387.52, based on the Debtor’s guarantee of debt due and owing by PLS Energy, LLC, with the vast majority of the amount owed being accrued interest. EL holds a security interest in substantially all of the assets in PLS Energy, LLC, including its working interest in certain oil and gas wells in Louisiana. EL also holds a third mortgage lien on the Debtor’s personal residence. EL has been paid approximately \$523,000.00 from PLS Energy, LLC as its share of settlement proceeds from a lawsuit involving the malfunction of an oil and gas well.

The Debtor shall also pay EL a lump sum payment of \$235,000.00 on or before March 31, 2017. Debtor is currently marketing his personal residence for short sale. To the extent that an offer is approved by the first mortgage holder and EL is allowed to be paid a portion of the funds from the short sale, then EL shall also be entitled to those proceeds of the short sale. To the extent that EL is paid any funds from the sale of the Debtor’s residence or any funds from the operations of PLS Energy, LLC, that amount shall be credited towards the amount due and owing from Debtor under the Plan. Debtor’s obligation to EL shall not exceed \$235,000.00 under the Plan.

In addition to the payments set forth above, the Debtor’s spouse, Lea Savenok will pay to EL Funding a lump sum payment not to exceed \$500,000 on or before March 31, 2017 as settlement of her alleged guaranty of loans made to EL. Class 4 is impaired under the Plan

Class 5: Unsecured Claim of Thornwell AMP, LLC

In February 2013, Debtor executed a guaranty in favor of Thornwell AMP, LLC (“Thornwell”) which guaranteed the debt due and owing by Farnham Development, LLC to Thornwell. Thornwell provided funding to Farnham Development, LLC for the purposes of engaging in the exploration and development of oil and gas wells in Louisiana. Pursuant to the various agreements between Thornwell, Farnham Development, LLC and the Debtor, if the test well was deemed to not capable of producing a commercially viable quantity of oil and gas, then Thornwell could enforce its right to recover from Farnham and the Debtor. On February 26, 2015, Thornwell filed suit in the U.S. District Court for the Northern District of Illinois, Eastern Division against the Debtor alleging a default in the Debtor’s guaranty and seeking payment of \$2,032,500. Pursuant to an agreement with Thornwell, Debtor shall pay Thornwell a total of \$1,050,000, representing 51% of the total claim of Thornwell. The payment is to be made in accordance with the schedule of payments set forth below:

December 31, 2016: \$250,000
February 1, 2017: \$8,000
March 1, 2017: \$4,000
April 1, 2017: \$4,000
May 30, 2017: \$250,000
July 1, 2017: \$4,000
August 1, 2017: \$4,000
September 30, 2017: \$250,000
October 31, 2017: \$4,000
November 31, 2017: \$2,000
December 31, 2017: \$250,000
February 1, 2018: \$10,000

March 1, 2018: \$10,000

Class 5 is impaired under the Plan.

Class 6: Unsecured Consumer Debt Claims

Debtor owes a total of \$101,612.21 to unsecured credit cards for consumer debt and to the Illinois Department of Revenue for income taxes. These claims shall be paid a total of \$35,564.27, representing 35% of their allowed claims. The payments shall be made at a rate of \$592.73 per month over a period of 60 months beginning 30 days after the effective date of the Plan. Class 6 is impaired under the Plan.

Class 7: Attorneys' Fees Claim

Debtor owes a total of \$42,700.71 to David Boersma for attorneys' fees. This claim shall be paid a total of \$14,945.25, representing 35% of the allowed claim. The payments shall be made at a rate of \$249.08 per month over a period of 60 months beginning 30 days after the effective date of the Plan. Class 7 is impaired under the Plan.

Class 8: Unsecured Claim of Ventcho Pantchev

Ventcho Pantchev is owed approximately \$19,687.50 pursuant to a settlement agreement with the Debtor and PLS Energy, LLC, which provides for monthly payments to be made from PLS Energy, LLC. The payments to Pantchev from PLS Energy, LLC are current and it is anticipated that PLS Energy, LLC will have sufficient revenues to pay the debt in full. The Debtor shall not make a distribution under the Plan to Ventcho Pantchev unless PLS Energy, LLC defaults in settlement payments. In the event that PLS Energy, LLC defaults in settlement payments, the Debtor shall pay 35% of the remaining balance due to Pantchev on or before September 1, 2017. Class 8 is impaired.

Class 9: Unsecured Claim of Small Business Administration

The Small Business Administration ("SBA") is owed \$527,664.22 by Westgate Drive, LLC. The Debtor executed a guaranty of the debt due and owing to the SBA. The debt to the SBA matures on August 1, 2027. Westgate Drive, LLC has not defaulted on the loan and continues to be current on payments. Debtor has executed a reaffirmation agreement with the SBA whereby the Debtor will continue to be obligated to the SBA pursuant to the same terms of his original guaranty. Class 9 is unimpaired.

D. Means of Implementing the Plan

Payments and distributions under the Plan will be funded by the Debtor's disposable monthly income, as well as the sale of assets. Payments to unsecured creditors in classes 2, 3, 6 and 7 will be funded by the Debtor's excess monthly income. The Debtor's monthly income is approximately \$16,000 per month. The Debtor receives \$10,000 per month in consulting income from Vertigo Media, Inc., \$3,000 per month in loan repayments from Fox Valley Contractors, LLC and approximately \$3,000 per month from Skyline Plastering, Inc. In addition, the Debtor receives period distributions from entities in which he owns stock. Since the Debtor's residence is being sold, additional income will be free to assist in funding monthly payments under the Plan.

Payments to creditors in classes 4 and 5 will be funded through a combination of a sale of the Debtor's interest in Skyline Plastering, Inc. and the payment of loans due and owing from Royal Corinthian, Inc. The debtor owns 65% of the stock in Skyline Plastering, Inc. through the Paul Savenok Revocable Trust

dated April 23, 2003. The “book value” of the stock is approximately \$1.3 million, however, it is unlikely that the stock could be sold on the open market immediately for this amount. The current “liquidation value” of the stock is estimated to be approximately \$500,000. If Skyline Plastering, Inc. continues to be operated as a going concern, it is likely that the stock could be sold for close to the book value estimated by the Debtor as the corporation is well-known in its field throughout the Chicagoland area and had almost \$6 million in revenues during 2014. The Debtor is also owed approximately \$300,000 by Royal Corinthian, Inc. Payments have not been made to the Debtor since the Debtor’s bankruptcy filing as the corporation has not had sufficient revenues to make the payments. However, Royal Corinthian, Inc. continues to operate its business and it’s likely that the corporation will have sufficient funds to begin repaying the debt due and owing to the Debtor within the next six months.

In the event that the Debtor is unable to sell the stock of Skyline Plastering, Inc. or receives repayment of loans due and owing from Royal Corinthian, Inc. in an amount insufficient to make the payments under the Plan, the Debtor will fund the Plan from other sources. The Debtor owns 32.5% of the stock in Stucco Molding, Inc. through the Paul Savenok Revocable Trust dated April 23, 2003. As of the Petition Date, the stock was estimated to be worth approximately \$47,192.60. However, since the Petition Date, Stucco Molding, Inc. has continued to be profitable and the value of the Debtor’s stock has likely increased. The Debtor may also be receiving distributions from Stucco Molding, Inc. in the event that the corporation continues to be profitable. In addition, the Debtor holds ownership interest in Farnham Development, LLC, Cenco Energy Development, LLC and PLS Energy, LLC, all of which hold working interests in oil and gas wells in Louisiana. In the event the wells are successful, the operation of the wells will generate substantial revenues for the entities, which will flow through to the Debtor as profits.

E. Risk Factors

The proposed Plan has the following risks:

1. The payments to classes 4 and 5 are based on a sale of the Debtor’s stock and the liquidation of accounts receivable. The Debtor will be required to liquidate those assets prior to payments being made to creditors and the purchase price of stock is uncertain and subject to a willing buyer.
2. The Debtor receives ongoing income from several business of which he is either an owner or officer. The Debtor’s income is dependent on the continued operation and success of those businesses. In addition, the Debtor may earn income from the operation of oil and gas wells during the term of the Plan, which is dependent on whether the wells are operable.

F. Executory Contracts and Unexpired Leases

The Plan, in Section VI lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. This Section also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

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

All executory contracts and unexpired leases that are not listed in the Plan will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases. If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Will be set on Confirmation of the Plan. Any claim based on the rejection of a contract or lease

will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors. The following are the anticipated tax consequences of the Plan:

- (1) There may be tax consequences to the Debtor of the Plan;
- (2) There may be general tax consequences on creditors of any discharge, and the general tax consequences of receipt of plan consideration after confirmation.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met. Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that all classes are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes no classes are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

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

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

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

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

3. Who is Not Entitled to Vote

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

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

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

4. Who Can Vote in More Than One Class

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

B. Votes Necessary to Confirm the Plan

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

1. Votes Necessary for a Class to Accept the Plan

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

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

2. Treatment of Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a 'cramdown' confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as *Exhibit E*.

D. Feasibility

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

1. Ability to Initially Fund Plan

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as *Exhibit F*.

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

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

The Plan Proponent has provided projected financial information. Those projections are listed in *Exhibit G*, which consist of the Debtor's Amended Schedules I and J.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying expenses and post-confirmation taxes, of \$2,536.56 per month over a 60 month period. The final Plan payment is expected to be paid 60 months from the effective date of the confirmation of the Debtor's Plan.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

V. EFFECT OF CONFIRMATION OF PLAN

A. Discharge of Debtor

Discharge. Upon payment of all payments required under the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor shall not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure, or (iii) of a kind specified in § 1141(d)(6)(B). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

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

The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the

Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

C. Final Decree

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

Respectfully submitted

Pavel Savenok

By: /s/ Pavel Savenok /s/

The Plan Proponent

By: /s/ Joshua D. Greene /s/

Attorney for the Plan Proponent