

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

**IN RE:**

**SMITH MOVERS, INC.**

**Debtor(s)**

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**Case No.: 15-35798**  
**Judge: Jacqueline P.Cox**  
**Chapter: 11**

**SECOND AMENDED DISCLOSURE STATEMENT**

**DISCLOSURE STATEMENT OF THE DEBTOR, SMITH MOVERS, INC.,**

Dated October 3, 2016

William E. Jamison, Jr.  
LAW OFFICE OF WILLIAM E. JAMISON & ASSOCIATES  
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Chicago, IL 60604  
(312) 226 – 8500  
Atty #6218244

Counsel for SMITH MOVERS, INC.

\* This proposed Disclosure Statement is filed with the Court pursuant to 11 U.S.C. § 1125. The Disclosure Statement has not yet been approved by the Court, and references to such approval are included to allow the Court, creditors and other interested parties to review the entire, final form of the Disclosure Statement. This proposed Disclosure Statement is not a solicitation and is subject to modification. It should not be relied upon by an entity in connection with the purchase or sale of any Claims against the Debtor.

## **INTRODUCTION**

On October 21, 2015, Smith Movers, Inc. (the “Debtor”) filed hits voluntary petition for reorganization pursuant to Chapter 11 of the United States Bankruptcy court for the Northern District of Illinois, Eastern Division (the “Court”). The case was assigned to the Honorable Jacqueline P. Cox , Bankruptcy Judge Debtor has continued to operate its business as a debtor in possession since the case was commenced. No trustee has been appointed in this case. The Debtor has filed a Second Amended Plan of Reorganization (the “Plan”) which is dated October3, 2016. Pursuant to Section 1125 of the Bankruptcy Code (the “Code”), the Debtor has prepared and filed this Disclosure Statement (the “Statement”) along with the Plan for the Court’s approval. Both the Plan and Statement are to be transmitted to the holders of claims or interest with respect to the Debtor and its assets upon the approval of the court for the solicitation of votes for or against the reorganization of the plan.

Debtor is providing this Second Amended Disclosure Statement to inform its Creditors about the Chapter 11 case and the Plan of Reorganization (and to request that Creditors vote to accept the Plan. The Court's approval of this Disclosure Statement is not a recommendation about the Plan. Smith Movers, Inc. will continue to be operated by its sole Shareholder Johnny C. Smith.

## **PLAN OF REORGANIZATION’S TREATMENT OF CREDITORS**

The Plan provides for the division of creditors into unclassified claims and three (3) classified classes.

Unclassified Claims consist of claims that 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. Administrative Expense Claims are any cost or expense of administering the Chapter 11 case allowable under §503(b) of the Bankruptcy Code. Administrative Expense Claims will consist primarily of the fees owed to professionals whose retention was approved y the Bankruptcy Court. Administrative Expense Claims will be paid from the retainers previously paid by Debtor or from the Post Petition earnings of the Debtor as necessary and approved by the Court.

### **Class 1**

Consists of the Allowed Secured Claim of Department of Treasury- Internal Revenue Service (hereinafter “the IRS”), totals \$22,617.47. The IRS shall receive on account of its secured tax claim payment in full plus interest at 5% over a period of thirty-six months (36) months, in monthly payments amount of \$659.57, unless IRS agrees to different treatment under the Plan.

The Allowed Secured Claim of the Illinois Department of Revenue (hereinafter “the IDR”), totals \$2,992.40. The IDR on account of its secured tax claim payment in full plus at 5%

over a period of thirty-six months (36) months, in monthly payments amount of \$87.27, unless IDR agrees to different treatment under the Plan.

**Class 2**

Consists of allowed priority tax claims consists of the Allowed Priority Claim of Department of Treasury- Internal Revenue Service (hereinafter “the IRS”), totaling \$128,185.18. The IRS shall receive on account of its priority tax claim shall receive payment in full plus interest at 5% over a period of seventy-two (72) months in monthly payments amount of \$1,928.79, unless IRS agrees to different treatment under the Plan.

The Allowed Priority Claim of the Illinois Department of Employment Security (hereinafter “the IDES”), totaling 9,831.13. The IDES on account of its priority tax claim shall receive payment in full plus interest at 5% over seventy-two (72) months in monthly payments amount of \$143.33, unless the IDES agrees to different treatment under the Plan.

The Allowed Priority Claim of Illinois Department of Revenue (hereinafter “the IDOR”), totaling \$4,074.90. The IDR on account of its priority tax claim shall receive payment in full plus interest at 5% over seventy-two (72) months in monthly payments amount of \$59.42, unless IDOR agrees to different treatment under the Plan.

**Class 3** *(General Unsecured claims are not secured by property and are not entitled to priority under Section 507 (a) of the Bankruptcy Code).*

Consist of the allowed non priority unsecured claims in the total amount of \$593,326.27 This amount includes general unsecured claim of the IRS in the amount of \$346,742.03 and the general unsecured claim of the IDES in the amount of \$64,409.62. Class Three shall receive 5% of its claim without interest for a total distribution of \$29,666.31. Distribution shall be made on these claims over a 72 month period in aggregate monthly payments of approximate \$412.03

All post petition payments of the debtor are current as of the filing of this Disclosure Statement.

The purpose of this statement is to provide the holders of claims against the Debtor with adequate information about the Debtor and about the Plan to allow holders of claims to make an informed judgment with regards to exercising their right to vote for acceptance or rejection of the Plan. Under §1126(f) of the Bankruptcy Code, holders of unimpaired claims are deemed to have accepted the plan.

Creditors may vote on the Plan by filling out and mailing the Ballot Form to the Court. Your ballot is enclosed herewith. Please complete, sign, and return your ballot immediately. As a creditor, your vote is important. The amount and number of Ballots are computed on the basis

of claims actually voted for or against the Plan. In order for the Plan to be deemed accepted, creditors that hold at least two-thirds in amount and more than one-half in number of allowed claims of Class 2 that are actually voted must accept the plan. The deadline for casting a vote on the First Amended Plan is \_\_\_\_\_, 2016. In order for your ballot to be counted, it is essential that it be received by that time at the following address:

Clerk of the United States Bankruptcy Court  
219 S. Dearborn Street, Seventh Floor  
Chicago, IL 60604

THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. CREDITORS ARE URGED TO READ THE PLAN IN FULL. CREDITORS ARE FURTHER URGED TO CONSULT WITH COUNSEL TO FULLY UNDERSTAND THE PLAN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF October 1, 2016 AND ARE BASED ON FACTS KNOWN TO THE DEBTOR AT THAT TIME, AND OF WHICH THE DEBTOR BELIVES TO BE ACCURATE.

### **HISTORY OF DEBTOR**

Smith Movers, Inc., was incorporated in January 1975. The Debtor is engaged in the general commercial and residential moving business. Its clients are primarily small companies, local and state government. The Debtor also provides residential moving services to the general public and worked with CHA in relocating residential customers. Debtor operates from 7150 S. Halsted Street in Chicago, Illinois. For years Smith Movers, Inc., was a mainstay in the moving business with State, Local and Commercial Contracts. Smith Mover's, provided efficient timely service to its vendors and, the President, Johnny Smith was adept in the Government Contract Bidding process, resulting in numerous contracts being awarded to Smith Movers, Inc.

### **PROBLEMS LEADING TO FILING FOR REORGANIZATION**

Debtor began to experience financial difficulties in 2007 when its President and driving force became ill. The Debtor lost several contracts, with its largest being its contract with the Illinois Department of Employment Security. The debtor farcical condition was further exacerbated by the overall downturn in the real estate market which accounted for a substantial drop in is residential moves. The Debtor has now procured new contracts.

As a result of the Chicago Public Schools and Chicago Housing Authority has

approved awarded new work to Smith Mover's Inc. With the new contracts the Debtor expects to generate more than sufficient net operating income to make the payments required by the plan and does not anticipate any further financial rehabilitation will be necessary.

Since the petition date, Debtor has remained in possession of her property and has conducted her business as debtor in possession. While under the supervision of the Bankruptcy Court, the Debtor has procured additional contracts and is schedules to commence large moves for CPS at the end of the current school year. This coupled with the Contract for the Chicago Housing Authority will be constitute the majority of the income to fund operating capital and to funds the plan.

**BEST INTEREST OF THE CREDITORS**

It is in the best interest of all creditors that the Debtor's Plan of Reorganization be confirmed. The Debtor's assets consist of on Computer, 10 Dollies and roughly Four moving Trailer's with an aggregate value \$5,000.00. If the plan is confirmed and Smith Mover's is approved to move forward as a going concern, all of its creditors will benefit.

In the event of a conversion to Chapter 7 of the Bankruptcy Code, another level of administrative expense would be created that would be paid prior to distribution to any creditors. At the present time the administrative expenses will be limited to Debtor's attorney fees of approximately \$10,000.00 plus the trustee's quarterly fees. Debtor's attorneys agree to accept payment on mutually agreeable terms with Debtor after confirmation of the Chapter 11 plan.

At the present time, if this matter was subject to liquidation, there would be no funds available for disbursement.

The Debtor's plan proposes to pay unsecured creditors 5% of their claims.

	TOTAL \$ AMOUNT TO BE PAID	TIMING OF PAYMENTS	NUMBER OF CLAIMS AND AMOUNT TO BE PAID IN PLAN
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Administrative Claims Unclassified	\$12,000.00 (Estimated)	Effective date of Plan	Debtor's Attorneys and United States Trustee (100%)
Class 1a- Secured Dept of the Treasury IRS	\$22,617.47 plus 5%	\$659.57 Over 36 months @ 5% Interest from Effective date of plan	One Claim to be Paid \$22,617.47
Class 1-b Illinois Department of Revenue IDR	\$2,992.40 plus 5% Interest	\$87.27 Over 36 months @ 5% Interest from Effective date of plan	One Claim to be Paid \$2,992.40
Class 2-a Dept of the Treasury IRS	\$128,185.18 plus 5% Interest	\$1,869.72 Over 72 months @ 5% Interest from Effective date of plan	One Claim be Paid \$128,185.18
Class 2-b- Illinois Department of Revenue IDR	\$4,074.90 plus 5% Interest	\$59.42 Over 72 months @ 5% Interest from Effective date of plan	One Claim be Paid \$4,074.90
Class 2-c Illinois Department of Employment Security (IDES)	\$9,831.13 plus 5% Interest	\$143.33 Over 72 months @5% Interest from Effective date of plan	One Claim be Paid \$9,831.13
Class 3 Allowed General unsecured claims	Total Amount \$593,326.27	5% of Allowed Claim over 72 months @ \$412.03 Without  Total paid Through Plan \$29,666.31	9 claims totaling \$593,326.27 paid @ 5% pro-rata over 72 months \$29,666.31

The Debtor believes that if this case was converted to a Chapter 7 proceeding, the unsecured creditors would receive no distribution on their claims due to the secured claims listed above and the additional administrative expenses that would be owed at that time. Accordingly, it is in the best interests of all creditors and parties in interest that the Debtor's Plan of Reorganization be confirmed.

**GENERAL INFORMATION REGARDING DISCLOSURE STATEMENT**

A. Purpose of Disclosure Statement.

Pursuant to section 1125 of the Bankruptcy Code, the Debtor has disseminated this Disclosure Statement to all known Holders of Claims against and Interests in the Debtor. The Disclosure Statement serves the following two purposes: (i) solicitation of acceptances from those entitled to vote on the Plan; and (ii) notification of the hearing in the Bankruptcy Court on confirmation of the Plan, which is scheduled to commence on \_\_\_\_\_, 20\_\_ at \_\_.m. (Central time).

This Disclosure Statement is filed with respect to the Plan to describe, among other things, the treatment of the various Classes of Claims against and Interests in the Debtor under the Plan and the means for execution of the Plan. The rules of construction and definitions contained in the Bankruptcy Code and Bankruptcy Rules are applicable to this Disclosure Statement. Unless otherwise indicated, all statutory references in this Disclosure Statement shall refer to the Bankruptcy Code and Bankruptcy Rules, as applicable.

**B. Approval of Disclosure Statement.**

On \_\_\_\_\_, 20\_\_, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtor and the condition of the Debtor's books and records, that would enable a hypothetical investor to make an informed judgment about the Plan. In determining whether this Disclosure Statement provides adequate information, the Bankruptcy Court considered the complexity of this case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information. Approval of this Disclosure Statement, however, did not constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan. Furthermore, this Disclosure Statement is not intended to be an offering memorandum or securities prospectus and is exempt from all applicable federal and state securities laws pursuant to section 1125(e) of the Bankruptcy Code.

**C. Dissemination of Disclosure Statement.**

This Disclosure Statement has been provided to each party in interest whose Claim or Interest has been scheduled or who has filed a proof of Claim or Interest in this Case. It is intended to assist such parties in evaluating the Plan and in determining whether to accept or reject the Plan. Under the Bankruptcy Code, your vote for acceptance or rejection of the Plan may not be solicited unless you have received a copy of this Disclosure Statement prior to or concurrently with such solicitation. Each Holder of a Claim or Interest should carefully read this Disclosure Statement and the Plan in their entirety before voting on the Plan.

**D. Sources of Information and Disclaimer.**

This Disclosure Statement may not be relied upon for any purpose other than to determine whether to accept or reject the Plan. Nothing contained in this Disclosure Statement shall constitute an admission by the Debtor or any other party regarding the subject matter of the Disclosure Statement, be admissible in any proceeding (for evidentiary purposes or otherwise) involving the Debtor or any other party, or be deemed advice on the tax or other legal effects of the Plan on Claim or Interest Holders. In the event of any inconsistency between this Disclosure Statement and the Plan, the terms of the Plan shall control.

Except as otherwise expressly indicated herein, the information contained in this Disclosure Statement has been obtained from the Debtor's books and records and certain

pleadings, papers and other documents filed with the Bankruptcy Court. There has been no independent audit of the financial information contained in this Disclosure Statement.

### **CONFIRMATION PROCEDURES**

#### **A. Restrictions on Solicitation of Votes.**

No information concerning the Plan or any assets or liabilities of the Debtor has been authorized by the Bankruptcy Court to be disseminated in connection with the solicitation of acceptances or rejections of the Plan other than as set forth in this Disclosure Statement. No party has been authorized to solicit acceptances or rejections of the Plan other than the Debtor as the proponent of the Plan. Any inducements to secure your acceptance or rejection of the Plan other than as contained in this Disclosure Statement should not be relied upon by Holders of Claims or Interests in voting on the Plan. Any such information or inducement should be reported immediately to the Debtor for further action as may be appropriate before the Bankruptcy Court.

#### **B. Classes Entitled to Vote.**

There are three (3) different classes of Claims and Interests under the Plan. Holders of Claims in Classes 1, 2 and 3 are impaired under the Plan and are entitled to vote on the Plan. Pursuant to section 1123(a) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not subject to classification. As such, the Holders thereof are not entitled to vote on the Plan. The treatment of Administrative Claims and Priority Tax Claims is set forth in Article III of the Plan.

#### **C. Voting on the Plan.**

In order to vote on the Plan, Holders of Claims and Interests in Classes eligible to vote should complete the enclosed ballot and return it to the following address so that it is received on or before \_\_\_\_\_, 20\_\_:

Clerk of the United States Bankruptcy Court  
Northern District of Illinois, Eastern Division  
219 South Dearborn St.  
Chicago, Illinois 60604

**ONLY THOSE BALLOTS RETURNED IN A TIMELY MANNER WILL BE COUNTED IN DETERMINING WHETHER A PARTICULAR CLASS OF CLAIM OR INTEREST HOLDERS HAS ACCEPTED OR REJECTED THE PLAN.**

#### **D. Confirmation Hearing.**

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider the confirmation of the Plan (the "Confirmation Hearing") on \_\_\_\_\_, 20\_\_ at \_\_\_\_\_.m. (Central time), and it has directed that notice thereof be transmitted to all



parties in interest. The Confirmation Hearing will be held before the Honorable Jacqueline P. Cox, Courtroom 680, 219 South Dearborn, and Chicago, Illinois. The Bankruptcy Court has directed that objections, if any, to the confirmation of the Plan be filed and served on counsel for the Debtor on or before \_\_\_\_\_, 20\_\_.

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice other than by announcement of the next adjourned date at the Confirmation Hearing or any adjourned Confirmation Hearing. At the Confirmation Hearing or any adjourned Confirmation Hearing, the Bankruptcy Court shall enter an order confirming the Plan if sufficient acceptances thereof have been received from Holders of Claims and Interests entitled to vote on the Plan and if all other statutory requirements have been satisfied.

E. Acceptances Necessary for Confirmation.

At the Confirmation Hearing, the Bankruptcy Court will determine, among other things, whether the Plan has been accepted by each Class that is Impaired under the Plan. Under section 1126 of the Bankruptcy Code, an Impaired Class of Claim Holders is deemed to have accepted the Plan if members of the class that hold two-thirds (2/3) in amount, and more than one-half (1/2) in number, of the Allowed Claims voting on the Plan have voted for acceptance of the Plan. An Impaired Class of Interest Holders is deemed to have accepted the Plan if members of the class holding two-thirds (2/3) in amount of the Allowed Interests voting on the Plan have voted for acceptance of the Plan.

Unless there is unanimous acceptance of the Plan by each Holder of a Claim or Interest in an Impaired Class, the Bankruptcy Court, as an additional requirement for Confirmation, must determine that, under the Plan, the members of each such Class will receive property of a value, as of the Effective Date of the Plan, that is not less than the value that each such Class member would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

F. Confirmation Without Necessary Acceptances.

Even if one or more classes of Claims or Interests that are Impaired under the Plan reject the Plan, or are deemed to have rejected the Plan, the Bankruptcy Court may confirm the Plan if it finds that at least one (1) Impaired Class of Claims has voted to accept the Plan (determined without including any acceptance of the Plan by an insider) and that the Plan does not “discriminate unfairly,” and is “fair and equitable” as to each Impaired Class of Claims or Interests that has not accepted the Plan. This “cramdown” authority is contained in §§ 1129(a)(10) and 1129(b) of the Bankruptcy Code.

**SUMMARY OF OTHER SIGNIFICANT PROVISIONS OF THE PLAN**

A. Means for Execution of the Plan.

The Plan shall be funded from the Debtor’s available cash, which will be revested in the Reorganized Debtor as of the Effective Date. Except for those restrictions expressly imposed by the Plan or by the Confirmation Order, on and after the Effective Date, the Reorganized Debtor

shall operate its business and shall use, acquire, or dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions imposed under or by virtue of the Bankruptcy Code, the Bankruptcy Rules and any other applicable rules and guidelines. Without limiting the generality of the foregoing, the Reorganized Debtor shall be free to obtain working capital financing for payment of operating expenses and for other working capital needs as they arise. The Reorganized Debtor shall have no restrictions on its ability to obtain working capital financing or other indebtedness on such terms and conditions as may be acceptable to the Reorganized Debtor.

**B. Distribution Agent.**

The Reorganized Debtor will act as the Distribution Agent for the purposes of making any and all distributions provided for under the Plan. In making distributions after the Effective Date, the Distribution Agent will reserve appropriate amounts for Disputed Claims. All distributions made pursuant to the Plan which are not negotiated within ninety (90) days after such distributions are made shall revert to and become the property of the Reorganized Debtor free and clear of any and all claims, demands and causes of action.

**C. Disputed Claims.**

No payment or Distribution will be made on account of any Claim that is subject to an objection until such time as the Disputed Claim becomes an Allowed Claim, in whole or in part, and no post-confirmation interest on such Claim shall be payable on the allowed portion, if any, with respect to a Disputed Claim except to the extent provided for in the Plan.

**D. Retention of Litigation Claims.**

Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Litigation Claims, including, any and all avoidance and other actions arising under chapter 5 of the Bankruptcy Code, and actions to collect the Debtor's accounts receivable shall be retained, prosecuted and enforced by the Reorganized Debtor, except to the extent released through the Plan. The Reorganized Debtor may enforce, sue on, settle or compromise any or all such Litigation Claims or, in the exercise of its discretion, may elect to not pursue certain Litigation Claims. The Debtor is not aware of any Litigation Claims. The Debtor is not aware of any avoidance or other actions arising under chapter 5 of the Bankruptcy Code and does not anticipate that the Reorganized Debtor will pursue any such actions.

**E. Exemption From Certain Taxes.**

Pursuant to § 1146(a), the issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer from the Debtor to the Reorganized Debtor or any other Person or entity pursuant to the Plan may not be taxed under any law imposing a stamp tax or similar tax, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the

payment of any such tax or governmental assessment.

F. Assumption of Executory Contracts and Unexpired Leases.

The Plan provides that, as of the Effective Date, the Reorganized Debtor assumes any executory contract or unexpired lease to which the Debtor is a party, which was in existence on or before the Petition Date and which was not assumed prior to the Petition Date, except any such contract or lease (i) rejected by the Debtor or otherwise terminated prior to the Effective Date, (ii) that is the subject of an application to reject pending as of the Confirmation Date, or (iii) as to which (A) the non-Debtor party to the contract or lease has objected to the assumption of the contract or lease and (B) such objection has not been resolved between the Debtor and the non-Debtor party or by a Final Order. Each executory contract and unexpired lease assumed pursuant to the Plan shall revert in and be fully enforceable by the Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law. Within 120 days of the Effective Date, the Reorganized Debtor shall, pursuant to the provisions of §§ 365(b) and 1123(b)(2) of the Bankruptcy Code, cure all defaults existing under and pursuant to the unexpired leases and executory contracts assumed under the Plan.

G. Administrative Expense Claims.

All requests for the allowance and/or payment of an Administrative Claim (other than Professional Fee Claims) must be filed with the Bankruptcy Court and served on counsel for the Debtors and the Reorganized Debtor no later than thirty (30) days after the Effective Date. Unless such request is objected to, such Administrative Claims shall be deemed allowed in the amount requested. In the event that an Administrative Claim is objected to, the Bankruptcy Court shall determine the Allowed amount of the Administrative Claim.

**RISK FACTORS TO BE CONSIDERED**

The following specific risks may exist in connection with confirmation of the Plan:

1. Any objection to the Plan filed by a member of a Class could either prevent or delay confirmation of the Plan.

2. In the event that certain Classes fail to meet the minimum Class vote requirements, as described above, the Debtor may request a cramdown of such non-accepting Classes. Failure to secure a cramdown or to suitably amend the Plan, if required, will in all likelihood prevent confirmation of the Plan.

3. Section 1122(a) of the Bankruptcy Code requires that the Plan place a Claim in a particular Class only if the claim is substantially similar to the other Claims of such Class. Moreover, section 1123(a)(4) of the Bankruptcy Code requires that the Plan provide for the same treatment for each Claim of a particular Class, unless the holder of a particular Claim agrees to a less favorable treatment of such particular Claim. The Debtor believes the Plan complies with §§ 1122(a) and 1123(a)(4) and related case law by the

classification and treatment of various Claim holders in the Plan. In the event the Bankruptcy Court finds that the Plan violates §§ 1122(a) and 1123(a)(4), and the affected creditors do not consent to the treatment afforded under the Plan, the Bankruptcy Court may deny confirmation of the Plan.

### **ACCEPTANCE AND CONFIRMATION**

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan with respect to the Debtor and the Debtor's Estate, including that: (i) the Plan has classified Claims in a permissible manner; (ii) the contents of the Plan comply with the technical requirements of Chapter 11 of the Code; (iii) the Debtor has proposed the Plan in good faith; and (iv) the Debtor's disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Debtor's Case, as well as the identity and affiliations of, and compensation to be paid to, all insiders. The Debtor believes that all of these conditions have been met or will be met and will seek findings of the Bankruptcy Court to this effect at the hearing on confirmation of the Plan.

The Code also requires that the Plan be accepted by the requisite votes of holders of Claims, that the Plan be feasible, and that confirmation of the Plan be in the "best interests" (absent unanimity) of the holders in each impaired class of Claims and Interests. To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met. Thus, even if all classes of Claims and Interests accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interests of Holders of Claims and Interests before it may confirm the Plan. The classification, "best interests," and feasibility conditions to confirmations are discussed below.

#### **A. Classification of Claims.**

The Bankruptcy Code requires that the Plan place each Claim or Interest in a class with other Claims or Interests which are substantially similar. The Debtor believes that the Plan satisfies the Bankruptcy Code's standards for appropriate classification.

#### **B. Best Interests of Impaired Classes.**

Notwithstanding acceptance of the Plan by each impaired class of Claims and Interests, in order to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the "best interests" of creditors and equity security holders. The "best interests" test requires that the Bankruptcy Court find that the Plan will provide to each member of each impaired class of Claims and Interests property of a value, as of the Effective Date of the Plan, at least equal to the amount such member would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

To calculate what members of each impaired class of Claims and Interests would receive in the event of a liquidation, the Bankruptcy Court must first determine the aggregate dollar amount (the "Liquidation Value") that the Debtor's assets would generate if the Case was converted to a chapter 7 case under the Bankruptcy Code and the assets were liquidated by a

trustee in bankruptcy. The Liquidation Value would consist of the net proceeds generated from the disposition of the Debtor's assets as augmented by the Debtor's cash.

The Liquidation Value available to Holders of General Unsecured Claims would receive no distribution as the net value of all assets would be wholly consumed by the Secured Claims (i) the Allowed Department of the Treasury (IRS), (ii) Allowed Administrative and Priority Claims, which have a senior priority of distribution under the Bankruptcy Code, and (iii) the costs and expenses of the liquidation under chapter 7, which would include the compensation of a trustee, compensation of attorneys and other professionals retained by the trustee, and expenses incurred by the trustee in disposing of the Debtor's assets.

The Debtor believes that the Plan will produce more than a chapter 7 liquidation of its assets for several reasons including the following:

1. A liquidation would substantially reduce the value of the Debtor's Property and accounts receivable.
2. A chapter 7 trustee would incur substantial costs and expenses in attempting to sell the Debtor's Assets.
3. A chapter 7 trustee would be entitled to a statutory fee of up to three percent (3%) of the amounts that the trustee disburses to secured creditors. In addition, a trustee customarily requires the services of an attorney and an accountant, whose fees could be substantial, and whose fees would also be paid before any distribution to unsecured creditors.

The Debtor prepared the liquidation analysis attached hereto as Exhibit "A" to reflect its estimate of likely recoveries in the event of a chapter 7 liquidation. You should review this liquidation analysis, which sets forth the amounts that the Debtor believes would be available in the event of a Chapter 7 liquidation. This analysis is based upon estimates of the Debtor's assets and liabilities as of October 1, 2016, and it incorporates other estimates and assumptions developed by the Debtor that are subject to potentially material changes depending upon future economic and business conditions and legal rulings. Therefore, the actual liquidation value of the Debtor could vary materially from the estimates reflected in the analysis. The Debtor does not intend and undertakes no obligation to update or otherwise revise the analysis to reflect events or circumstances arising hereafter.

#### C. Feasibility.

As a condition to confirmation, the Bankruptcy Code generally requires that confirmation is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization. This requirement is generally referred to as the feasibility test of § 1129(a)(11) of the Bankruptcy Code. The Debtor submits that the Plan is feasible and otherwise complies with § 1129(a)(11) of the Bankruptcy Code.

Attached as Exhibit "B" are financial statements for the prior fiscal year for the debtor in compliance with Local Rule 3016-1, for the Reorganized Debtor for the period from January 1,

2015 through December 31, 2015. Attached hereto as Exhibit "C" is a projected cash flow statement (the "Projections") The Debtor also incorporates in Exhibit "C" Debtor's 5 year Projections that are based on the Debtor's historical financial information regarding income, expenses, and anticipated rental rates, and future operating expenses.

Based upon the Projections, the Reorganized Debtor will have sufficient cash on hand to make the required distributions on and shortly after the Effective Date. Meanwhile, the Projections demonstrate that the Reorganized Debtor will generate sufficient funds from its ongoing operations to make the required payments on account of the Allowed Class 1 through 3 Claims as they become due and also provide a sufficient cash collateral to pay the claims of the IRS.

Please note that the Projections were prepared by the Debtor's Attorney in cooperation with Debtor's management. The Projections were not prepared to comply with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants. Though presented with numerical specificity, the Projections are necessarily based on a variety of estimates and assumptions which, though considered reasonable by the Debtor, may not be realized and are inherently subject to significant business, economic, competitive, industry, market, and financial uncertainties and contingencies, many of which are beyond the Debtor's control. The Debtor cautions you that no representations can be made or are made as to the accuracy of the Projections or to the Reorganized Debtor's ability to achieve the projected results reflected in the Projections. Consequently, the Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. In deciding whether to vote to accept or reject the Plan, Holders of Claims or Interests must make their own determinations as to the reliability of the Projections and the reasonableness of its underlying assumptions. The Debtor does not intend and undertakes no obligation to update or otherwise revise the Projections to reflect events or circumstances arising hereafter.

D. Acceptance.

As another condition to confirmation, the Bankruptcy Code requires that each impaired class of Claims or Interests accept the Plan. The Bankruptcy Code defines acceptance of the Plan by a class of Claims as acceptance by the holders of two-thirds in amount and a majority in the number of Claims in that class. For a class of Interests, acceptance is defined as acceptances by the holders of two-thirds in amount. For both purposes only those who actually vote to accept or reject the Plan are counted.

**TAX CONSEQUENCES**

A detailed discussion of the federal and state income tax consequences of the Plan is not practicable under the circumstances of these cases, and the Debtor expresses no opinion thereon. Because the income tax consequences of the Plan may be different for different parties, each party is urged to seek advice from its own tax advisor with respect to the income tax consequences of the Plan. The Debtor believes, however, that there will be no adverse tax consequences to the Estate as a result of the Plan's consummation, and that the Estate has sufficient tax attributes to prevent any negative tax implications resulting from the Plan's

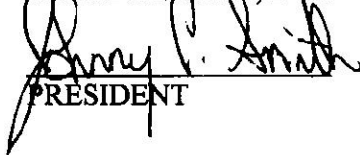
consummation.

**ADDITIONAL INFORMATION**

The Bankruptcy Court will hold a hearing on confirmation of the Plan commencing on \_\_\_\_\_, 2016 at \_\_:00 \_\_.m. (Central time). Any objections to confirmation of the Plan must be in writing and must be filed with the Bankruptcy Court on or before \_\_\_\_\_, 2016. Objections must be served at the same time upon counsels for the Debtor:

**SECOND AMENDED DISCLOSURE  
STATEMENT**

SMITH MOYERS, INC.



PRESIDENT

By:/s/William E. Jamison, Jr.  
LAW OFFICE OF WILIAM E. JAMISON & ASSOCIATES  
53 W. Jackson Blvd Suite #309  
Chicago, IL 60604  
(312) 226 – 8500  
Atty #6218244

**CONCLUSION**

The Debtor believes the Plan is feasible and in the best interests of the Debtor's creditors. Accordingly, the Debtor asks that you vote to accept the Plan. A ballot for acceptance or rejection of the Plan is enclosed. Your vote is important.

October 3, 2016

Respectfully submitted,

Smith Movers, Inc.

By: /s/ William E. Jamison, Jr  
Attorney for Debtor