

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

IN RE:

JOHN E. MAYER

Debtor(s)

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Case No.: 16-16536
Judge: Jack B. Schmetterer
Chapter: 11

DISCLOSURE STATEMENT

DISCLOSURE STATEMENT OF THE DEBTOR, JOHN E. MAYER,

Dated November 20, 2016

William E. Jamison, Jr.
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* 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 May 31 2016, JOHN E. MAYER (the “Debtor”) filed his voluntary petition for reorganization pursuant to Chapter 11 in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the “Court”). The case was assigned to the Honorable Jack B. Schmetterer, Bankruptcy Judge. When the case was filed the Debtor was the subject of numerous citation proceeding and liens stemming from a State Court Judgment entered against the debtor in the Circuit Court of Cook County on January 13, 2005. The Debtor is a licensed clinical psychologist specializing in treating adolescents, children and families. Since filing of debtor Chapter 11 Case the debtor has been able to re-build his practice increasing patient loads, giving speeches and publishing. The Debtor has filed a Plan of Reorganization (the “Plan”) which is dated November 20, 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.

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 (a) This class consists of the Allowed Secured Claim held by JP Morgan Chase (“Chase”), in the amount of \$20,187.05. This Allowed Claim is fully-secured by the Debtors’ 2015 Jeep Wrangler Automobile. Chase is unimpaired and the Debtor shall continue to pay this claim in the monthly amount of \$454.50, in accordance with their prepetition agreement which will continue to govern the relationship between the Debtor and the holder of this claim.

Class 1(b) Consist of the secured judgment claim of Brad Esposito (“Esposito) in the amount of \$793,333.00. This Judgment was determined to be non-dischargeable by the Honorable Judge Eugene R. Wedoff on March 31, 2009, Case No. 07-07819 Adv. No. 07A 01082. Debtor shall pay Esposito the sum of \$5,000.00 per month which will continue beyond the term of the plan.

Class 1(c) Consists of the Allowed Secured Claim of Department of the Treasury- Internal Revenue Service (hereinafter “the IRS”), totaling \$7,334.31. The IRS shall receive on account of its secured tax claim payment in full plus interest at 4% for a total of \$7,627.68 over a period

of thirty-six (36) months in aggregate monthly payments of \$211.88, unless IRS agrees to different treatment under the Plan.

Class 2

Consists of allowed priority tax claims consists of Department of the Treasury- Internal Revenue Service (hereinafter "the IRS"), totaling \$217,685.42. The IRS shall receive on account of its priority tax claim payment in full plus interest at 4% over a period of seventy-two (72) months in monthly payments amount of \$3,144.34, unless IRS 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 \$232,414.94 This amount includes general unsecured claim of the IRS in the amount of \$132,379.08. Distribution shall be made on these claims over a 72 month period in aggregate monthly payments of approximate \$322.79, without interest. All payments shall begin on the 1st day of the month following the effective date of the Plan.

All post petition payments and cash collateral payments 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 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 November 20, 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

Dr. John Mayer ("Debtor) is a practicing Clinical Psychologist specializing in the treatment of adolescents, children, and families violent and acting out patients, substance abusers and disorders of young adults. Dr. Mayer received his Doctorate from Northwestern University and currently lectures around the country as well as to federal government and law enforcement agencies.

The Debtor difficulties that led to his current financial state is based on the following. On or about January 2003, the debtor was sued in the Circuit Court of Cook County by Plaintiff Brad Esposito for Defamation. On January 2005, a verdict was entered against the defendant/debtor in the amount of \$793,333.00. What proceeded thereafter for several years was a vigorous and aggressive collection action that culminated in the debtor filing for Chapter 7 debt relief in 2007, Case No. 07-07819. In the course of the debtor's Chapter 7 proceeding an Adversary Complaint was filed Adv. No. 07A 01082, to Determine Dischargeability of the debt owed to Brad Esposito. On March 31, 2009 the Honorable Eugene R. Wedoff entered an order declaring the debt owed by the debtor, John Mayer to be non-dischargeable 11U.S.C. § 523(a)(6).

PROBLEMS LEADING TO FILING FOR REORGANIZATION

Due to the collection actions taken against the debtor the debtor assets an accounts were frozen, his account were levied, turnover order were entered against the debtor and the debtor was unable to pay his daily living expenses or pay his business operation expenses. The freezing of debtor's assets coupled with the liens and other collection activity eventually culminating it the filing of this Chapter 11 proceeding. After being unable to negotiate any payment plan in the state court the debtor file the instant Chapter 11 Case. That since the filing of the case the debtor has paid cash collateral payment to creditor Brad Esposito in the amount of \$5,000.00 per month and as of the date of this filing has paid secured creditor Brad Esposito \$25,000.00.

CURRENT STATUS OF DEBTOR AND FUTURE PROJECTIONS

Since the petition date, the debtor has paid cash collateral payment to creditor Brad Esposito in the amount of \$5,000.00 per month and as of the date of this filing has paid secured creditor Brad Esposito \$25,000.00. Debtor has rebuilt his practice and is now counseling and lecturing and earning sufficient income to fund this plan of reorganization .

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 ability to work and produce income without the constant pressures of aggressive collection actions allows the debtor to be more focused in his practice, to take on different and financially rewarding cases, and to do good work for a vulnerable and disadvantaged segment of our society. The debtor's assets consist of the debtor clothing, furnishings and a 2015 Jeep Cherokee Automobile with a \$20,187.00 car loan.

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 \$20,000.00, plus the trustee's quarterly fees.

At the present time, if this matter was subject to liquidation, there would be no funds available for disbursement to unsecured creditors and the secured creditors would only recover the limited amount of accounts receivable acquired over the course of the Debtor's Chapter 11 Proceeding.

The Debtor's plan proposes to pay unsecured creditors 10% of their claims.

	TOTAL \$ AMOUNT TO BE PAID	TIMING OF PAYMENTS	NUMBER OF CLAIMS AND AMOUNT TO BE PAID IN PLAN
Administrative Claims Unclassified	\$20,000.00 (Estimated)	Effective date of Plan	Debtor's Attorneys and United States Trustee (100%)
Class 1a- Secured Unimpaired Fully Secured Chase Auto Finance	\$454.50 Total: \$21,187.05	Debtor will continue to pay this creditor in accordance with pre-petition agreement	One Claim to be Paid \$21,187.05
Class 1b-Secured Brad Esposito Non-Dischargeable	\$5,000.00 w/o Interest Total: \$300,000.00 and continuing	\$5,000.00 Over 60 months and continuing beyond term of plan	One Claim to be Paid \$300,000.00
Class 1(c)-Secured IRS	\$7,334.31 @4% interest Total: \$7,627.68	\$211.88 Over 36 Months w/o Interest	One Claim to be Paid \$7,627.68
Class 2 Internal Revenue Priority Claim	\$217,685.42 @ 4% over 72 Months \$226,392.83	\$3,114.34 per month For 72 Months from Effective Date of Plan	
Class 3 Unsecured Unsecured-Non Priority Claims	\$23,240.88 w/o interest 72 months	\$322.79 paid pro-rata over 72 months from effective date of plan	6 Claims totaling \$232,414.49 paid pro-rata@10% over 72 Months \$322.79

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 _____, 2016 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 _____, 2016, 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 threesix (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 _____, 2016: