

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

In re:)	Chapter:	11
)		
)	Case No.	17 B 11377
Gentlepro Home Health Care, Inc.,)		
)	Judge:	Hon. Janet S. Baer
)		
Debtor.)		

Small Business Case under Chapter 11
DEBTOR'S DISCLOSURE STATEMENT

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I. INTRODUCTION

This is the disclosure statement (the "Disclosure Statement") in the small business chapter 11 case of Gentlepro Home Health Care, Inc. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the Plan of Reorganization Dated January 31, 2018 (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 6-9 of this Disclosure Statement.

A. Purpose of This Document

This Disclosure Statement describes:

- (1) The Debtor and significant events during the bankruptcy case,
- (2) 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),
- (3) Who can vote on or object to the Plan,
- (4) What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- (5) 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 in liquidation, and
- (6) 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 _____, 2018 at _____ a.m., in Courtroom _____, 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 with 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, 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. See section IV.A. below for a discussion of voting eligibility requirements. Your ballot must be received by _____, 2018 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 _____, 2018 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, 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 _____, 2018. 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 _____, 2018.

II. BACKGROUND

A. Description and History of the Debtor's Business

Debtor provides home health care services, including nursing and rehabilitation therapy to individuals throughout the Chicagoland area. Due to complications and delay in receiving Medicare payments Debtor was unable to pay its debts as they came due, including significant amounts due and owing to the Internal Revenue Service. Two of its creditors initiated lawsuits against the Debtor, and one obtained a judgment against the Debtor. Because of the threat of post-judgment proceedings which would have crippled its business operations, Debtor was forced to file the present bankruptcy proceeding. In 2015, the Debtor earned gross income of approximately \$1,254,000 and in 2016 the Debtor earned gross income of \$934,055.

B. Insiders of the Debtor

Edith Querubin and Oliver Querubin are insiders of the Debtor as defined in § 101(31) of the United States Bankruptcy Code (the "Code"). Edith Querubin is President and owns 100% of the stock in the Debtor. Oliver Querubin is Secretary and Treasurer of the Debtor. Edith Querubin is expected to be paid an annual gross salary of \$39,000 for the first year of the Plan by the Debtor, with salary increasing at the rate of 2% per year for each year thereafter for the life of the Plan.

C. Management of the Debtor Before and During the Bankruptcy

During the year prior to the date on which the bankruptcy petition was filed, the person in control of the Debtor (collectively the "Managers") was Edith Querubin. Since the filing of the Chapter 11 case, Edith Querubin has remained as President of the Debtor. After the effective date of the order confirming the Plan, the Managers (collectively the "Post Confirmation Manager") will be Edith Querubin. The compensation of these Post Confirmation Managers is set forth in section II-B of this Disclosure Statement.

D. Events Leading to Chapter 11 Filing

Two of its creditors initiated lawsuits against the Debtor, and one of those creditors, Illinois

Therapeutic & Nursing Services obtained a judgment against the Debtor of over \$50,000. Because of the threat of post-judgment proceedings which would have crippled its business operations, Debtor was forced to file the present bankruptcy proceeding.

E. Significant Events During the Bankruptcy Case

The debtor has continued to operate its business at a profit, and can pay its creditors in full where appropriate, and far more than the liquidation value of the estate which would result from the case being converted to Chapter 7. The Debtor believes that its profitability will continue to increase after it exits bankruptcy, as evidenced by its projections.

F. Projected Recovery of Avoidable Transfers

The Debtor has conducted an investigation of any potential avoidance actions and does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

G. Claims Objections

The court established a claims bar date of proofs of claim pursuant to which all claims except government proofs of claim were due by July 13, 2017 and government proofs of claim were due by October 11, 2017. The Debtor filed objections to two proofs of claim which were resolved by court order or an amended claim. No other claims are disputed. However, Debtor reserves the right to object to any subsequent claim filed or amendment to any existing claim. The procedures for resolving disputed claims are set forth in Article V of the Plan.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in Exhibit B, consisting of the filed copies of Schedule B-Personal Property filed in the bankruptcy case. The Debtor's most recent financial statements reflecting its performance before bankruptcy are set forth in Exhibit C and a recap of the Debtor's monthly performance during the bankruptcy is attached as Exhibit D.

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

A. 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:

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	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business after Petition Date_	None	Paid in full on the effective date of the Plan.
Value of Goods Rec'd in ordinary Course of Business within 20 days of the Petition Date: Prairie Farms	None	N/A

Professional Fees, as approved by the Court	Est. \$25,000	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	\$25,000	

Priority Claims

Priority Claims are certain claims, such as taxes to governmental units, which are allowed under §507 of the Code. The Code requires that certain priority claims be paid within five years of the Petition Date, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's priority claims and their proposed treatment under the Plan:

Claimant	Amount Owed	Proposed Treatment
Internal Revenue Service	\$191,621.53	Paid in full at the rate of \$3,832.43 per month for 50 months.
Illinois Department of Revenue	\$3,044.96	Paid in full at the rate of \$60.90 per month for 50 months.

Illinois Department of Employment Security	\$23,119.74	Paid in full at the rate of \$462.39 per month for 50 months.
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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:

Class 1. Internal Revenue Service

The Internal Revenue Service holds a security interest in substantially all of the assets of the Debtor pursuant to a filed federal tax lien and was owed \$86,352.11 as of the Petition Date that was secured by the tax lien. The Debtor has made adequate protection payments to the IRS since the petition date in the amount of \$1,500.00 per month and the amount of \$75,852.11 is still due and owing to the IRS toward its secured claim. Debtor will pay the Internal Revenue Service \$1,264.20 per month for a period of 60 months under the Plan. The Internal Revenue Service shall retain its tax lien until paid in full. Class 1 is impaired.

Class 2. Can Capital

Can Capital holds a security interest in substantially all of the assets of the Debtor pursuant to a filed UCC Financing Statement and was owed \$71,014.32 as of the Petition Date. Debtor has made adequate protection payments in the amount of \$1,400 per month to Can Capital since the petition date and will pay Can Capital \$1400.00 per month for 50 months until paid in full under the Plan. Can Capital shall retain its security interest until paid in full. Class 2 is impaired.

Class 3: Unsecured Trade Creditors

Class 3 consists of trade creditors with general, unsecured non-priority claims and the unsecured portion of the claim of the Internal Revenue Service. The total amount due to unsecured creditors is \$288,742.29. Unsecured creditors shall be paid 10% of their claims at the rate of \$481.00 per month for a

The foregoing is a summary only, and creditors are urged to read the Plan and the more detailed discussions below for a more complete description and explanation.

D. Summary of Plan Payments

<u>Creditors</u>	<u>Amounts Due</u>	<u>When Paid</u>
Professional fees	Est. \$25,000.	Effective Date or when Approved
Priority Claim of IRS	\$191,621.53	Paid at the rate of \$3,832.43 per month for a period of 50 months
Priority Claim of IDOR	\$3,044.96	Paid at the rate of \$60.90 per month for a period of 50 months
Priority Claim of IDES.	\$23,119.74	Paid at the rate of \$462.39 per month For a period of 50 months
Secured Claim of IRS	\$75,852.11	Paid at the rate of \$1,264.20 per month for a period of 60 months.
Secured Claim of Can Capital	\$79,014.32	Paid at the rate of \$1,400.00 per month for a period of 50 months.
Unsecured Creditors	\$228,742.29	Paid 10% of their allowed claims at the rate of \$481.00 per month for 60 months

E. Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder. The Debtor proposes to hold an auction of the stock (the "Stock") in the reorganized entity on the following terms:

A. Any competitive bidding for the Stock shall be conducted at an auction (the "Auction") at the law offices of Debtor's counsel, Springer Brown, LLC, on _____, 2018 at ____ a.m. after which the

court, after notice and a hearing, shall enter an order, authorizing the sale of the Stock. The Debtor shall conduct the sale by open bidding except that nothing contained herein shall prohibit the Debtor, at the auction, from conducting separate or joint discussions with the purchaser, any qualified bidder, or any creditor or their representatives in provide and not on the record of such proceeding. A court reporter shall make a record of the open bidding as it occurs. The Debtor shall publish notice of the sale and the terms of the sale in a newspaper of general circulation at least fourteen days prior to the deadline to file ballots accepting or rejecting the plan.

B. Unless otherwise ordered by the court for cause shown, for any person to participate in the auction (“Potential Bidder”), such person or entity must deliver to the Debtor within at least five business days prior to the Auction: (I) such information as the Debtor shall request establishing a Potential Bidder’s ability to close the Sale of Interest in a timely manner; (II) a cashier’s or certified check made payable to the Debtor in an amount equal to the purchaser’s earnest money deposit of \$1,000.00. Any Potential Bidder meeting all of the above requirements that wishes to participate in the Auction must attend the Auction and acknowledge in writing that it is familiar with, understands and accepts the procedures specified herein. Any person qualifying under all of the above standards shall be entitled to bid to purchase the Stock and will be hereinafter referred to as a “Qualified Bidder.” Any bid made by a Qualified Bidder shall be referred to as a “Qualified Bid.”

C. The opening bid at the auction shall be \$1,000.00, with bidding to increase in increments of \$500.00 until the highest bid is determined (the “Winning Bid”).

D. At the conclusion of the Auction, the Debtor shall ask the court to enter an order authorizing the Debtor to consummate the transaction in accordance with the Winning Bid with the winning bidder and to execute such additional documentation as is reasonably necessary to close such sale.

E. The offers of all Qualified Bidders shall be irrevocable until the closing of the sale of the Interests.

F. In the event that a Winning Bidder defaults in the performance of its obligation to purchase the Stock pursuant to a Winning Bid, the Winning Bidder’s Earnest Money Deposit shall be forfeited and

shall immediately be transferred to the Debtor. Notwithstanding the foregoing, such forfeiture shall not be in full satisfaction of any damages caused to any person by Winning Bidder's default as described herein. Any person making an Earnest Money Deposit who does not become the Purchaser (as the Winning Bidder as specified in the Sale Order as entered by the Court) shall have its Earnest Money Deposit returned to it within two (2) business days after the conclusion of the hearing at which time the Winning Bid is confirmed.

G. In the event that a Winning Bidder defaults in the performance of its obligations to purchase the Interest pursuant to a Winning Bid, then the next highest bidder for the Stock shall be required to proceed as the Winning Bidder. Consequently, that person's bid (the "Back-up Bid") will be treated as the Winning Bid without further notice, hearing or entry of additional order by the Court.

H. The sale of the Stock shall be on an "As Is, Where Is" Basis and without representations or warranties of any kind, nature or description by the Debtor, the bankruptcy estate or its respective agents. By submitting a bid, each Qualified Bidder shall be deemed to have acknowledged and represented that: (I) it has had an opportunity to conduct any and all due diligence regarding the Interest prior to making its bid; (II) it has relied solely upon its independent review, investigation and/or inspection of any documents in making its bid; (III) it did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, by operation of law or otherwise, regarding the Interest by any person whatsoever, or the completeness of any information provided in connection therewith or the auction.

I. Notwithstanding anything to the contrary in this disclosure statement, a Winning Bid shall have been accepted by the Debtor only upon entry of an order approving the sale (the "Sale Order") and the Debtor will not be obligated to take any action related to the sale of the Stock unless and until the Court enters the Sale Order and the Court enters an Order approving a Plan of Reorganization. The Debtor's presentation to the Court for the approval of a Winning Bid does not constitute the Debtor's acceptance thereof.

J. Upon the Court's entry of the Sale Order, a Winning Bidder(s) (which may be the Purchaser)

K. Within two (2) business days of entry of the Sale Order by the Court, the Purchaser shall tender any and all amounts remaining due and owing above its Earnest Money Deposit.

L. In the event that the Debtor fails to obtain an order confirming a Plan of Reorganization, the purchase of the Stock shall be voided and the Purchaser shall be refunded all money paid to the Debtor within five (5) business days of entry of an order either dismissing the bankruptcy case due to the Debtor's failure to confirm a plan of reorganization or conversion of the case to a chapter 7.

The following chart sets forth the Plan's proposed treatment of the class[es] of equity interest holders:

Equity Interest Holders Edith Querubin	Impaired	To be determined based upon an auction of the stock in the reorganized entity.
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F. Means of Implementing the Plan

1. Source of Payments

Payments and distributions under the Plan will be funded by the continuing Operations of the Debtor. Debtor shall act as disbursing agent under the Plan.

2. Post-confirmation Management

Edith Querubin shall be the President of the Debtor after confirmation of the Plan. She will be paid an annual salary of \$39,000 for the first year post-confirmation, with salary increasing at the rate of two percent each year thereafter.

3. Post-confirmation Ownership

The Post-Confirmation ownership of the Debtor will be dependent upon the successful purchaser of the stock in the reorganized Debtor at an auction to be conducted on the terms and conditions set forth above. Any purchaser of the Debtor's stock shall adhere to all terms and conditions of the confirmed Plan of Reorganization and shall cooperate to ensure that all payments are made under the confirmed Plan of

Reorganization.

G. Risk Factors

The proposed Plan has the following risks:

1. The Debtor is a small business whose sales and marketing effort resides primarily in the knowledge and skills unique to Edith Querubin. In the event that Edith Querubin shall be unable to perform her duties as President, the Plan payments are unlikely to be able to be made.

H. Executory Contracts and Unexpired Leases

Debtor has already assumed the lease with its landlord, Mark Realty, LLC and has assumed its health care insurance agreement with Blue Cross/Blue Shield of Illinois. No additional executory contracts are to be assumed 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.

I. 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 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;

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 Non-Accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind non-accepting 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*. The Internal Revenue Service and Can Capital hold a security interest in substantially all of the Debtor's assets. If the Debtor's assets were liquidated in a chapter 7 proceeding, the Internal Revenue Service and Can Capital would receive virtually all of the proceeds. After Trustee's fees and other administrative expenses are paid, unsecured creditors would receive no distribution. The proposed payout to both priority and unsecured creditors through the Debtor's business operations is much more than would be received in a hypothetical chapter 7 liquidation.

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

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. The Plan Proponent's financial projections show that the Debtor will have an annual average net cash flow sufficient to make all required payments under the Plan. 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. 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. 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
Gentlepro Home Health Care, Inc.

By: Edith Querubin
The Plan Proponent

By. /s/ Joshua D. Greene /s/
Attorney for the Plan Proponent