

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
SOUTH BEND DIVISION

IN RE:)
)
EPW, LLC) CASE NO. 18-31460-hcd
Debtor.) Chapter 11

DISCLOSURE STATEMENT FOR DEBTOR’S LIQUIDATION PLAN

EPW, LLC, the Debtor-in-Possession (“EPW” or “DIP”) submits the following Disclosure Statements in connection with the Liquidation Plan (“Plan”) filed contemporaneously herewith:

I. INTRODUCTION

This Disclosure Statement is intended to provide the information required by § 1125 of the Bankruptcy Code and needed by Creditors and other parties in interest to evaluate the Liquidation Plan and to make informed decisions about whether to accept the Plan.

Although this Disclosure Statement includes a summary of the Plan, it is important to read both documents because the Plan is the controlling document. All of the information in this Disclosure Statement is qualified by the Plan itself. Also, terms which are capitalized in this Disclosure Statement should be understood to have the meaning set forth in the Plan.

II. THE LIQUIDATION PLAN

The Plan is a Liquidation Plan. The assets of the Debtor were sold at auction sale on October 5, 2018, pursuant to the authority granted by this Court in its Order of September 24, 2018. The Prevailing Bidder at the auction was VMW Tooling Group, LLC, and the Prevailing Bid was in the amount of Six Hundred Seventy Thousand Dollars (\$670,000.00). The secured claims of Chemical Bank and Complete Capital Services were paid in full by the Debtor from proceeds of the sale, all as authorized by the Court’s Sale Order of September 24, 2018.

The Plan proposes to pay administrative expenses as required by 11 U.S.C. § 507(a)(2). The Debtor will be required to pay U.S. Trustee fees in accord with 28 U.S.C. § 1930(a)(6). The Debtor anticipated that total U.S. Trustee fees will be less than Fifteen Thousand Dollars (\$15,000.00). In addition to U.S. Trustee fees, the Debtor will pay attorney fees as approved by this Court pursuant to 11 U.S.C. § 330. The Debtor anticipates that total attorney fees will be less than Forty Thousand Dollars (\$40,000.00). After payment of administrative expenses, the remaining balance would be paid to unsecured creditors on a pro-rata basis. The DIP anticipates

that distribution to unsecured creditors would be at least 25% of allowed claims if the Liquidation Plan is confirmed without objection or additional litigation.

Delays which may occur as a result of objections to the Disclosure Statement or the Liquidation Plan will result in additional U.S. Trustee fees and additional attorney fees failure to confirm this Liquidation Plan would likely be followed by conversion to Chapter 7, where additional attorney fees would be incurred. If this case is converted to a Chapter 7 case, there would be administrative claims for fees by the standing Chapter 7 trustee in addition to the fees set out here. Compensation of a Chapter 7 trustee is governed by 11 U.S.C. § 326. The DIP anticipates that fees of a Chapter 7 trustee would not exceed \$17,000.00. A Chapter 7 trustee may employ counsel pursuant to 11 U.S.C. § 322. The trustee's counsel also would be paid fees as allowed by the Court pursuant to 11 U.S.C. § 330 prior to distribution to unsecured creditors if the case is converted to Chapter 7.

There are two classes of creditors who may be paid under the Liquidation Plan.

Class 1 is Unsecured Priority Creditors. DIP does not believe there are any legitimate claimants in class 1 but if any such claims are allowed, they must be paid prior to Class 2.

Class 2 is comprised of all creditors holding Unsecured Nonpriority Claims. This Class will be paid pro-rata after the DIP has paid administrative expenses, which consist of U.S. Trustee fees and DIP attorney fees. The deadline for filing claims is December 18, 2018. Scheduled unsecured claims total \$735,389.00 and that figure has been used in computing anticipated dividends.

III. DIP'S ASSETS AS OF THE PETITION DATE

The Schedules filed by the DIP in this case disclose the following assets as of August 10, 2018:

a. Cash on hand	\$ 1,540.92
b. Checking, savings or other accounts:	
(1) Wells Fargo	\$ 99,716.00
(2) Chemical Bank	\$ 111,377.95
(3) 1 st Source Bank payroll	\$ 7,475.54
(4) 1 st Source Bank Checking	\$ 364.71
c. Accounts receivable	\$ 380,297.80
d. Raw materials and work in progress	\$ 204,885.00
e. Office furniture and equipment	\$ 10,000.00

f. Vehicles	
(1) 2013 F250 Cargo Van	\$ 12,325.00
(2) 2014 Jeep Cherokee	\$ 10,175.00

TOTAL **\$ 838,157.92**

IV. THE AUCTION SALE AND DISTRIBUTION OF PROCEEDS

The DIP sought and received authority to conduct an auction sale of substantially all of its assets (except its cash in the bank). On September 24, 2018, the Court entered the Sale Order, which authorized the auction sale and established the bid procedures to be used. The stalking horse bidder was VMW Tooling Group, LLC, whose original bid was \$575,000.00. A second bidder, Cincinnati Industrial Auctioneers qualified to bid and the auction took place on October 5, 2018. VMW Tooling Group, LLC, was the prevailing bidder with a bid of \$670,000.00.

The transaction was closed on October 10, 2018, and the assets were transferred to VMW Tooling Group, LLC. The sale proceeds were disbursed as authorized by the Sale Order and as illustrated in the Report of Sale and closing statement, a copy of which is attached as **Exhibit 1**. The proceeds were distributed as follows:

(1) Chemical Bank (in satisfaction of all of its secured claims)	\$ 556,517.23
(2) Complete Capital Services (in full satisfaction of its secured claims)	\$ 4,522.05
(3) EPW, LLC, for deposit in DIP account	\$ 108,960.72

V. ASSETS

The DIP has ceased business operations and reduced all of its assets to cash. The balance in the DIP operating account as of October 18, 2018, was \$299,166.18. This sum, plus any miscellaneous receipts from refund of insurance premiums or other prepayments, will be used to pay administrative expenses, which include U.S. Trustee fees as established by 28 U.S.C. § 1930 (a)(6) and attorney fees for DIP counsel as determined by the Court pursuant to 11 U.S.C. § 330. The DIP anticipates that administrative expenses will not exceed \$57,000.00. The DIP's monthly operating reports are attached as **Exhibit 2**.

VI. CLAIMS PROCESS

A. CLAIMS ALLOWED

The DIP proposes to allow Unsecured Nonpriority Claims as set out in the alphabetical list attached as **Exhibit 3**. The DIP has allowed claims as set out in its Schedules unless the creditor filed a claim for a different amount. In such instances, the claims have been allowed as filed, with two exceptions.

B. CLAIMS OBJECTIONS

The DIP has objected to two filed claims. These are:

- (1) Claim 6 of the Internal Revenue Service for \$10,043.66 for FUTA taxes plus penalties and interest from the fourth quarter of 2010.
- (2) Claim 21 of the Treasurer of Elkhart County, Indiana, for \$209,017.62 for taxes plus penalties and interest from the years 2007 through 2011.

Because EPW, LLC, did not purchase the assets of the company until 2014 from the bankruptcy estate of its predecessor, Elkhart Pattern Works, Inc., it is the DIP's position that the taxes claimed by the Internal Revenue Service and the Elkhart County Treasurer are not the obligations of EPW, LLC.

If the objections to claims are sustained, neither claimant will participate in the distribution of funds from this case. If the claim of the IRS is allowed, it will share as an unsecured nonpriority claimant. If the claim of the Elkhart County Treasurer is allowed, it will be paid in full as an unsecured priority claim under 11 U.S.C. 502(a)(8).

In the event that occurs, the distribution to unsecured claims would be reduced significantly from the projected minimum of 25%.

VII. VOTING AND PLAN CONFIRMATION

The Liquidation Plan and this Disclosure Statement pertain to all claims against EPW, LLC. The Plan is identified as a Liquidation Plan because substantially all of the DIP's assets have been sold and the DIP has ceased to conduct business. Unlike the situation in some Chapter 11 cases, the Plan does not contemplate the continued operation or reorganization of the Debtor. Also, unlike many Chapter 11 cases, there are remaining secured claims because they were satisfied from the proceeds of the auction sale as provided by the Sale Order of September 24, 2018.

Creditors whose claims and interests are "impaired" under the Plan – essentially all creditors except the Estate professionals and the Elkhart County Treasurer (if Claim 21 is

allowed) – may vote to accept or reject the Plan. Thereafter, the Court will schedule a date and time for hearing at which the tabulation of votes will be presented to the Bankruptcy Court, which will address any objections to the Plan and determine whether the Plan should be confirmed. A separate notice with respect to that hearing will be issued to you by the Court.

Your vote is important, and may be cast by completing and mailing the enclosed Ballot to counsel for the DIP within the time set by the Court, addressed as follows:

R. William Jonas, Jr.
Hammerschmidt, Amaral & Jonas
137 N. Michigan Street
South Bend, IN 46601

As a Creditor or Equity Holder, your acceptance of the Plan is important and appreciated.

No representations regarding this Plan, including those regarding value of property or estimated distribution to creditors are authorized except those contained in this Disclosure Statement. Any estimates in this Disclosure Statement regarding the value of the property, the amount of claims, or the amount of anticipated distributions to creditors are premised upon the best information currently available to the Debtor and its counsel. The actual values and amount of distributions may be higher or lower than any such estimate, depending on the outcome of objection to claims and the amount of administrative expenses the Court may approve.

VIII. MATTERS WHICH AFFECT PLAN CONFIRMATION

Under the Bankruptcy Code, the Plan may be confirmed if proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code, and (1) all Impaired Classes of creditors vote to accept the Plan; or alternatively, if requested by the DIP under 11 U.S.C. § 1129(b), if (2) all Impaired Classes do not vote to accept the Plan but at least one class of creditors whose claims are impaired votes in favor of the Plan. Only creditors who actually cast ballots are counted for these purposes, so if you are satisfied with the Plan's treatment of your claims, your vote in favor of the Plan is important. Holders of Claims or Equity Interests who fail to vote are not counted as either accepting or rejecting the Plan.

Unsecured nonpriority claims will receive a distribution in this case.

IX. TAX CONSEQUENCES OF A CONFIRMED PLAN

This description is for informational purposes only and, due to lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan as discussed herein. Only the principal United States federal income tax consequences of the Plan to Debtor and to holders of Claims who are entitled to vote

or to accept or reject the Plan are discussed below. No rulings or determination of the IRS or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or such other authorities. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to Debtor's Estate or any holder of a Claim. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

The discussion of the United States federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended, Treasury Regulations, judicial authorities, published positions of the IRS and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect).

The following discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the United States federal income tax consequences of the Plan regarding special classes of taxpayers (e.g., banks and certain other financial institutions, insurance companies, tax-exempt organizations, governmental entities, Persons that are, or hold their Claims through, pass-through entities, Persons whose functional currency is not the United States dollar, foreign Persons, dealers in securities or foreign currency, employees, Persons who received their Claims pursuant to the exercise of an employee stock option or otherwise as compensation and Persons holding Claims that are hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction). Furthermore, the following discussion does not address United States federal taxes other than income taxes.

Each Creditor and Equity Interest Holder is strongly urged to consult its own tax advisor regarding the United States federal, state, and local and foreign tax consequences of the transactions described herein and in the Plan. The following summary is not a substitute for careful tax planning and advice based on individual circumstances. All Creditors are advised to consult their own tax advisors.

The United States federal income tax consequences to Claimants (including the character, timing and amount of income, gain or loss recognized) will depend upon, among other things, (1) whether the Claim and the consideration received in respect thereof are "securities" for the United States federal income tax purposes; (2) the manner in which a Claimant acquired a Claim; (3) the length of time the Claim has been held; (4) whether the Claim was acquired at a discount; (5) whether the Claimant has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (6) whether the Claimant has previously included in its taxable income accrued but unpaid interest with respect to the Claim; (7) the Claimant's method of tax accounting; and (8) whether the Claim is an installment obligation for United States federal income tax purposes. Therefore, Claimants should consult their own tax advisors for information that may be relevant to their particular situations and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.

X. CLOSING STATEMENT

The information provided in this Disclosure Statement is intended to assist you in making an informed vote in the Liquidation Plan. Because your rights will be determined by the terms of the Plan if it is confirmed, you are urged to review this Disclosure Statement and the Plan and make such inquiries as you deem appropriate so you can make an informed choice in voting. The DIP believes the Liquidation Plan follows the liquidation provisions of the Bankruptcy Code, and does not discriminate unfairly. The DIP this recommend that you vote to confirm the Liquidation Plan.

Dated: 10/25/18

Respectfully submitted,

EPW, LLC

By: 

Douglas L. Lammon

President of EPW, LLC

Hammerschmidt, Amaral & Jonas

Counsel to the Debtor

\s\ R. William Jonas, Jr.

R. William Jonas, Jr. (#5025-71)

Hammerschmidt, Amaral & Jonas

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South Bend, IN 46601

574-282-1231

rwj@hajlaw.com

CERTIFICATE OF SERVICE

I certify that on October 26, 2018, a true and correct copy of the foregoing document was served on the following parties by first class U.S. mail, postage prepaid, or by notice of electronic filing by authorized e-mail, as follows:

By ECF noticing to:

Nancy J. Gargula United States Trustee 100 East Wayne Street, 5 th Floor South Bend, IN 46601-2349 USTPRegion10.SO.ECF@usdoj.gov	Ellen L. Triebold Office of the United States Trustee 100 East Wayne Street, 5 th Floor South Bend, IN 46601-2349 Ellen.L.Triebold@usdoj.gov	Chemical Bank c/o Michael A. Trippel Thorne & Grodnik LLP P. O. Box 1210 Mishawaka, IN 46546-1210 mtrippel@tglaw.us
Chemical Bank c/o Phillip A. Garrett, Esq. Thorne - Grodnik, LLP P.O. Box 1210 Mishawaka, IN 46546-1210 pgarrett@tglaw.us		

By regular mail to:

Aardvark Pest Control, Inc. 510 S. West Mishawaka, IN 46544-5149	Ace Anodizing & Impregnating, Inc. 4161 Butterfield Rd PO Box 639 Hillside, IL 60162-0639	Amino Transport 2320 Dean Way STE 160 Southlake, TX 76092
BARR Credit Services 5151 E Broadway Blvd Suite 800 Tucson, AZ 85711-3775	BC Welding PO Box 257 Granger, IN 46530-0257	Biehl & Biehl, Inc. P.O. BOX 87410 Carol Stream, IL 60188-7410
Bonded Collection Corporation 29 East Madison Street Suite 1650 Chicago, IL 60602-4427	Boride Engineered Abrasives 2615 Aero Park Drive Traverse City, MI 49686-9101	Brink, Key & Chludzinski PC 1300 West Centre Ave Suite 200 Portage, MI 49024-6309
CAE Services Corporation 280 Belleview Lane Batavia, IL 60510-9678	CMI Legal Forwarding Div. P.O. BOX 28851 Philadelphia, PA 19151-0851	Castek Aluminum 527 Ternes Ave 86 Elyria, OH 44035-6286

Chapello & Chapello 86 Brookview Court Hinsdale, IL 60521-8101	Chemical Bank 333 East Main St Midland, MI 48640-5178	Cimatron Technologies, Inc. 41700 Garden Brook Suite 100 Novi, MI 48375-1320
Clinton Aluminum & Stainless Steel 6270 Van Buren Road Clinton, OH 44216-9743	Coast to Coast Trucking, Inc 2951 W. King St. Cocoa, FL 32926-4037	Comet Die and Engraving 909 Larch Ave. Elmhurst, IL 60126-1158
Complete Capital Services PO BOX 790413 Saint Louis, MO 63179-0413	ConMet 171 Great Oak Drive Canton, NC 28716-8715	DLS Worldwide - RR Donnelley Logistics S PO Box 932721 Cleveland, OH 44193-0015
Douglas L. Lammon 2203 Oyster Cove Murrells Inlet, SC 29576-5540	EPW, LLC 1500 W Hively Avenue Elkhart, IN 46517-4033	Elkhart County Treasurer Bankruptcy Clerk Room 201 Goshen IN 46526-3231
Ellwood Specialty Steel Co. PO Box 36401 Pittsburgh, PA 15253	Elwood Specialties 499 Honeybee Lane New Castle, PA 16105-3807	Essentra Components PO Bx 3384 Carol Stream, IL 60132-3384
Fastenal PO Box 1286 Winona, MN 55987-7286	FlowBelow 9601 Dessau Rd, Bldg 2 Austin, TX 78754-3982	Geonics, Inc DBA Creative Evolution 634 Schneider Dr South Elgin, IL 60177-1154
HotSet America Corporation 713 Kite Rd Swainsboro, GA 30401-5739	Hull Lift Truck, Inc 28747 Old US 33 West Elkhart, IN 46516-1699	Husky Injection Molding Systems 288 North Rd. Milton, VT 05468-3072

INCOE Corporation Indiana 2850 High Meadow Circle Auburn Hills, MI 48326	Indiana Department of Revenue Bankruptcy Section - MS 108 100 North Senate Avenue, N240 Indianapolis IN 46204-2231	Indiana Employment Security Division 10 North Senate Street Indianapolis, IN 46204-2201
Integra Certified Documents PO Box 1278 Elkhart, IN 46515-1278	Internal Revenue Service P. O. Box 7346 Philadelphia, PA 19101-7346	KM Industrial 530 West Kalamazoo Ave Kalamazoo, MI 49007-3306
LS Mold 750 Waverly Court Holland, MI 49423-9387	Laser Accents 929 Lincoln Way East Goshen, IN 46526-4218	Lucas Tool Grinding 611 Beer Rd. Mansfield, OH 44906-1215
M.E.N. Polishing 169 Hinchman Rd Baroda, MI 49101-9717	MAGNA Closures 3501 John F Donnelly Drive Holland, MI 49424-9284	MECA Corporation 57236 Nagy Dr Elkhart, IN 46517-1019
MOTION INDUSTRIES, INC. P.O. BOX 1477 BIRMINGHAM AL 35201-1477	MSC Industrial Supply PO Box 953635 Saint Louis, MO 63195-3635	Mac-Mold Base Inc. 14921 32 Mile Rd Romeo, MI 48065-4914
Martell Electric, LLC c/o Joshua Visser 210 S. Michigan St., 5 th Floor South Bend, IN 46601	McCormick Motors 1725, 1255 W Market St Nappanee, IN 46550	Meyer Plastics Inc 5167 E. 65th St Indianapolis, IN 46220-4816
Michigan Fluid Power 4404 Central Parkway Hudsonville, MI 49426-7831	Motion Industries 1619 Rank Pkwy. Ct. Kokomo, IN 46901-3123	Motion Industries, Inc. PO Box 1477 Birmingham, AL 35201

Office of the U.S. Attorney 5400 Federal Plaza, Suite 1500 Hammond, IN 46320-1843	PCS Company Dept 771831 PO Box 77000 Detroit, MI 48277-2000	Paxco Inc 10440 CR 2 Middlebury, IN 46540-9630
Peerless Steel Dept 77396 PO Box 77000 Detroit, MI 48277-0396	Plastic Molding Development Inc. 42400 Yearego Dr Sterling Heights, MI 48314-3262	Plastic Molding Technology Inc 4201 Broadmoor Ave SE Kentwood, MI 49512
Powell Tool PO Box 1854 South Bend, IN 46634-1854	Pyropel Inc. 20 Howard Ave New Bedford, MA 02745-6109	RJG Inc. 3111 Park Drive Traverse City, MI 49686-4713
RR Donnelley 14100 Lear Blvd. 130 Reno, NV 89506-1657	Rauch Milliken International Inc P.O. BOX 8390 Metairie, LA 70011-8390	River Bend Hose Specialty 1111 South Main South Bend, IN 46601-3398
Rubin & Levin 135 N Pennsylvania St. Suite 1400 Indianapolis, IN 46204-2489	SA Engineering 38103 Schoolcraft Rd Livonia, MI 48150-1029	STURDELL INDUSTRIES c/o Commercial Collection Corp of NY 34 SEYMOUR ST TONAWANDA NY 14150-2126
Scheetz Industrial Solutions, LLC 60493 Bremen Hwy Mishawaka, IN 46544-9303	Schmolz + Bickenbach USA Inc. 365 Village Dr Carol Stream, IL 60188-1828	Schrader Steel Fabrication Services Inc 801 N. 8th Street Niles, MI 49120-1853
Secretary of Treasury 15th & Pennsylvania Avenue Washington DC 20220-0001	Securities & Exchange Commission Bankruptcy Section 175 W. Jackson Blvd., Suite 900 Chicago IL 60604-2815	Spangle Fasteners 315 Eisenhower Drive S. Goshen, IN 46526

Youngblood Air Systems 300 36th St. SE Grand Rapids, MI 49548-2215	Swagelok Indiana/Cincinnati 1170 Western Drive Indianapolis, IN 46241-1439	T. Shorter Manufacturing 2931 Dexter Drive Elkhart, IN 46514-8227
Tata Technologies 41050 W Eleven Mile Road Novi, MI 48375-1902	The Law Offices of Sarah A. Okrzynski P.O. BOX 18638 Erlanger, KY 41018-0638	Toledo Steel Supply Inc. 222 LaVoy Rd Erie, MI 48133-9638
Total Quality Logistics PO Box 634558 Cincinnati, OH 45263-4558	Tri-State Compressed Air Systems 1608 Eisenhower Dr S Goshen, IN 46526-6131	Unifirst Corporation (Swank) 3920 Crescent Circle South Bend, IN 46628-6137
United Parcel Service Lockbox 577 Carol Stream, IL 60132-0577	Warsaw Engineering & Fabricating, Inc. 2780 East Durbin St Warsaw, IN 46580-3874	Waste Management PO Box 4648 Carol Stream, IL 60197-4648
XD Industries Inc 244 James St Bensenville, IL 60106-3319	XPO Logistics 1530 S. Olive St South Bend, IN 46619-4214	Synchrony Bank c/o PRA Receivables Management, LLC PO Box 41021 Norfolk, VA 23541
First National Bank of Omaha 1620 Dodge St. Stop Code 3105 Omaha, NE 68197	Youngblood Automation 300 36 th Street SE Grand Rapids, MI 49548-2215	Department of Treasury – Internal Revenue Service P.O. BOX 7346 Philadelphia, PA 19101-7346
Mac-Mold Base Inc. c/o Dennis Loughlin 2000 Town Center, Suite 2700 Southfield, MI 48075	Elkhart County Treasurer c/o Landon K. Richmond 130 N. Main Street Goshen, IN 46526	

\s\ R. William Jonas, Jr.

R. William Jonas, Jr. #5025-71