

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:)
)
TREVOR LLOYD-JONES,) CASE NO. 14-04497-11-JMC
) CHAPTER 11
Debtor.)

**DEBTOR’S IMMATERIALLY MODIFIED
DISCLOSURE STATEMENT**

I. INTRODUCTION

A. PURPOSE OF THIS DISCLOSURE STATEMENT

This disclosure statement (“Disclosure Statement”) has been prepared for Trevor Lloyd-Jones (the “Debtor”) pursuant to the provisions of § 1125 of the Bankruptcy Code. That section requires that there be submitted to holders of claims against, and equity interests in, the Debtor, a copy of the plan, or a summary of such plan, and a written disclosure statement containing adequate information about the plan to enable creditors and interest holders to make a reasonably informed decision regarding the plan. The disclosure statement must be approved by the Bankruptcy Court, after notice and a hearing, prior to distribution to creditors. The Debtor’s plan proposes to reorganize his business and real estate interests and settle claims against and interests in them in accordance with the terms therein. A copy of the Debtor’s Plan of Reorganization (the “Plan”), a ballot, a claim form, and a notice of hearing for confirmation of the Plan accompanies this Disclosure Statement.

The Court has approved this Disclosure Statement as containing “adequate information” in accordance with § 1125 of the Bankruptcy Code to “... enable such a hypothetical investor of the relevant class, to make an informed judgment about the plan ...” Except where specifically noted otherwise, the portions of this Disclosure Statement describing the Debtor and the Debtor’s financial condition have been prepared from (1) schedules prepared by the Debtors, (2) estimates of values by the Debtor of the Debtor’s property and claims at this time, (3) financial statements prepared by the Debtor, and/or (4) information supplied by the Debtor. The representations contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein and neither the delivery of this Disclosure Statement nor any other activities or representations of the Debtor shall, under any circumstance, create an inference that there has been no change in the facts set forth herein since the date hereof.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE AN INTEGRAL PACKAGE. BOTH MUST BE CONSIDERED IN ORDER THAT THE READER WILL BE ADEQUATELY INFORMED.

B. DISCLAIMERS

NO REPRESENTATIONS CONCERNING THE DEBTORS, PARTICULARLY AS TO THE DEBTORS'S FUTURE BUSINESS OPERATIONS, VALUE OF PROPERTY OR CLAIMS, ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION TO ACCEPT OR REJECT THE PLAN, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECTED TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTORS ARE DEPENDENT UPON ACCOUNTING PERFORMED BY THEIR EMPLOYEES AND AGENTS. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE GREAT COMPLEXITY OF THE DEBTORS' FINANCIAL MATTERS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE.

C. CONSTRUCTION

The Plan contains a list of definitions which are incorporated herein by reference and should be reviewed prior to the review of this Disclosure Statement. Insofar as not inconsistent or in conflict with said definitions, the words herein shall have the meanings ascribed thereto by the Bankruptcy Code and the Bankruptcy Rules.

D. EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, the Debtor may attempt to reorganize for the benefit of the Debtor, his creditors, and other parties in interest or liquidate their assets for the benefit of their creditors in an authorized and orderly manner. The Debtor is obligated to formulate a plan of reorganization or liquidation and provide it to his creditors and equity interest holders. A plan must set forth a means for satisfying the holders of claims against and equity interests in the Debtor. Only the Debtor may file a plan during the exclusivity period. After such period expires a creditor or any other party in interest may file a plan. A Chapter 11 plan must satisfy the requirements of § 1129 of the Bankruptcy Code in order to be confirmed by the Court. Among those requirements, are the requirement of "feasibility" and the requirement that the plan meet the "best interests" of the creditors and equity interest holders.

To satisfy the feasibility requirement, the Court must find that a reasonable probability exists that the Debtor will be able to perform their obligations under the plan and carry out the terms the plan without the need for further financial reorganization.

Independent of acceptance of the plan by creditors and equity interest holders, the Court must also determine that the plan is in the best interest of all classes of creditors and interest holders. In

order for the plan to be found in the best interest of creditors and interest holders, it must be found to provide to each member of each impaired class of claims and interests, a recovery which has a present value at least equal to the present value of the distribution which each member would receive from the Debtor if the Debtor were liquidated in a Chapter 7 proceeding. In order to determine the amount of the distribution that creditors and interest holders would receive in a Chapter 7 proceeding, the Court must determine the gross proceeds that could be obtained from liquidation of the Debtors' property and deduct therefrom the administrative costs for such liquidation. Such net liquidation proceeds are then compared with the distribution to be made available to creditors by the Debtors through the proposed Chapter 11 Plan.

Confirmation of the plan by the Bankruptcy Court makes the plan and its terms of settlement of claims and interests binding upon the Debtor, all creditors, interest holders and other parties regardless of whether or not they have accepted the plan. Upon completion of all payments under the plan, the Debtor will request the Court issue an order discharging all pre-petition obligations of the Debtor.

E. VOTING: ACCEPTANCE OR REJECTION OF PLAN

It is very important that you as a creditor fill out and return the enclosed claim and ballot to the address contained therein, so that it is received by the Clerk of the Court within the time period prescribed by the Bankruptcy Court. With respect to the ballot, you should indicate the nature of your interest and mark your vote to reject or accept the plan. Pursuant to § 1126 of the Bankruptcy Code, in order for a plan to be confirmed, at least one class of claims that is impaired under the plan must vote to accept the plan. In order for the plan to be deemed accepted by an impaired class of creditors, of the ballots cast, creditors that hold at least two-thirds in amount and a majority in number of the allowed claims of such class must vote for acceptance of the plan.

F. CONFIRMATION HEARING

Under the Bankruptcy Code, the Court is required to hold a hearing on confirmation of the Plan. Such hearing has been scheduled in this case and is indicated in the notice which accompanies this Disclosure Statement. At the hearing, the Court will determine whether the classes entitled to vote on the Plan have accepted or rejected the Plan, hear and determine all objections to the Plan, determine if the Plan meets the minimum requirements of the Bankruptcy Code, and then enter its order either confirming or declining to confirm the Plan.

G. RECOMMENDATION OF THE DEBTORS

The approval by the Bankruptcy Court of this Disclosure Statement does not constitute an endorsement by the Court of the Plan or a guarantee of the accuracy or completeness of the information contained in this Disclosure Statement and the Plan. The Debtor, however, believes that the Plan will provide creditors with an opportunity to receive a greater distribution than they would receive by termination of the Debtor's efforts in this Chapter 11 case, and therefore, dismissal or conversion of this Case to a Chapter 7 proceeding.

**YOU ARE URGED TO CAREFULLY READ THIS DISCLOSURE STATEMENT
TOGETHER WITH THE OTHER ENCLOSURES IN ORDER TO PROVIDE**

YOURSELF WITH ADEQUATE INFORMATION TO ENABLE YOU TO DECIDE
WHETHER TO ACCEPT OR REJECT THE PLAN.

The Debtor possesses the necessary skills and information to fully and successfully complete the reorganization of his business. Further, the costs of the Debtor's efforts through a confirmed Plan will be significantly less than the costs of the efforts of other parties in a Chapter 7 case or tax or state court cases for the purpose of liquidating the Debtor's property and making distribution to his creditors.

The Debtor believes that the information provided in this Disclosure Statement and the accompanying plan indicates that the Plan is "feasible" and meets the "best interests" requirements of the Bankruptcy Code. Consequently, the Debtor urges that you vote to accept the Plan.

II. BACKGROUND AND HISTORY OF THE DEBTOR AND THE CASE

The filing of Chapter 11 for Trevor Lloyd-Jones occurred after years of economic decline. It was precipitated by a significant number of lawsuits, proceedings supplemental, and writs of execution. It is also extremely cumbersome and complicated due to the significant number of business entities in which the Debtor was involved.

The debtor is a general practice medical doctor with an office in Cumberland, Indiana. For a number of years, the debtor purchased and developed vacant land and commercial buildings in Hancock County, Indiana. At the time of filing, the debtor along with his non-filing spouse owned a principal residence in New Palestine, Indiana. It is approximately 2.42 acres along with a separate contiguous land locked parcel at the rear of the residential parcel. The residence is subject to a first and second mortgage. The Debtor also individually owns a rental property which consists of a mobile home known as the Stuck House which is subject to a first mortgage. Additionally, at the time of filing, the Debtor listed real estate at 814 State Street in Greenfield Indiana which consisted of three lots known as Boyd Lots 10, 11, and 12. Those lots had been pledged as collateral for commercial loans of the Debtor and have since been foreclosed upon. The Debtor no longer has an interest in these parcels of real estate. Finally, the Debtor owns approximately 16 acres at 4525 S. 600 W. in New Palestine, Indiana referred to by the Debtor as Fielder Acres. That real estate has been subdivided into three separate parcels. The Debtor sought to sell a portion of that real estate during these proceedings, however such sale efforts failed.

Over the years, the Debtor created a number of business entities which were owned by the Debtor and/or by the Debtor and his wife. Those entities were involved in the purchase, construction, development, and rental of a number of parcels of real estate in Hancock County as well as other unrelated businesses. As a result of the general decline of 2008 and thereafter, the Debtor's real estate practice suffered substantial losses and as a result, several of the Debtor's entities have filed their own separate Chapter 11 bankruptcies. Through the course of those bankruptcies, the secured creditors have either received real estate or obtained foreclosure judgments for the sale of real estate owned by those various entities. The Debtor will receive no economic value as a result of those separate Chapter 11 bankruptcies. Nevertheless, the Debtor and his wife have personally guaranteed virtually all of those commercial and real estate loans and as a result, the creditors have asserted substantial unsecured claims against the Debtor for amounts still owed them after liquidation of the collateral.

Of the real estate owned by the Debtor in his individual name, he is interested in retaining the principal residence and Stuck House.

Fielder Acres is a parcel of real estate comprised of approximately 16 acres located in Hancock County, Indiana. The parcel of real estate has been subdivided into three tracts. The first parcel is Tract A which currently is comprised of approximately 7.4 acres. It has a home and the barn located on it. Tract A is subject to a first mortgage in favor of PNC Bank, a second mortgage line of credit in favor of PNC Bank, and a third mortgage in favor of Grace Sonoda. The parcel is further subdivided with Tract B which is comprised of about 1.6 acres and Tract C which is comprised of about 6 acres. Neither of such Tracts are subject to any mortgage indebtedness, however both are substantially located in a floodplain and have no value for building purposes. The Debtor proposes to abandon Tract A to the secured creditors and surrender any interest he may have in Tract A and allow the mortgage holders to foreclose their interest. Debtor believes Tract B and Tract C have virtually no value due to the condition of the land, however proposes to retain Tract B and Tract C.

Additionally, the Debtor still maintains an interest in many of the business entities. The value of the Debtor's interest in those businesses has been calculated as part of the liquidation analysis. Debtor proposes to retain his interest in those entities, to the extent he is able however; many of those entities have debt that far exceeds the value and, with respect to those, the Debtor anticipates taking no action to prevent secured creditors from realizing the value of their collateral.

The Debtor proposes to make plan payments in an amount equal to the liquidation analysis which the debtor believes would provide a greater value to the unsecured creditors than they would receive in a Chapter 7 liquidation.

III. DESCRIPTION OF THE PLAN

This Disclosure Statement's description of the Plan is not a substitute for the Plan and is qualified by the full text of the Plan, which is transmitted herewith. **ALL HOLDERS OF CLAIMS AND INTEREST ARE URGED TO READ THE PLAN CAREFULLY.**

A. SUMMARY OF THE PLAN

The Plan provides for completion of this bankruptcy proceeding through the reorganization of the Debtor's business interests through payments over time, on a priority basis, to all allowed claims in classes which are designated in the Plan.

All Claims and Equity Interests arising from the past or present debt of, or an interest in the Debtor shall be bound by the provisions of this Plan. Expenses of Administration including attorney fees, accountant fees, US Trustee fees, and any and all other administrative expense claims will be paid first. The second class includes other administrative expenses for real estate taxes, however Debtor believes there are none owing. The third class includes the unpaid Federal income tax liabilities of the Debtor in the approximate amount of \$2507. The Debtor proposes to pay the allowed priority claim of the Internal Revenue Service along with interest at the rate of 3% per annum from the Plan Payments immediately after satisfaction of the expenses of administration.

The Debtor proposes to keep his principal residence by making regularly scheduled mortgage payments to the first and second mortgage holders pursuant to the terms of the notes and mortgages. Additionally, Debtor proposes to retain the Stuck House rental property and agrees to pay the mortgage holder according to the terms of the note and mortgage. Stuck House is rented and Debtor utilizes the rental income to pay the mortgage obligation and as part of the Debtor's general disposable income which will be dedicated to making the Plan Payments.

The Debtor will surrender and abandon Tract A of Fielder Acres to the secured creditors. In the event any mortgage holder is not paid as a result of a foreclosure sale, any deficiency balance would be treated as an unsecured debt in these proceedings.

As a result of the number of lawsuits and judgments obtained against the Debtor and/or his wife, it is anticipated that a number of such judgments operate as judicial liens against parcels of real estate the Debtor proposes to retain under the Plan. Exhibit "A" is a list of such judgments. Since there is no value for the judicial liens to attach to, the judicial liens are to be avoided as it relates to those parcels of real estate Debtor intends to retain under the terms of the Plan. Exhibit "B" contains the legal descriptions of the parcels of real estate Debtor intends to retain.

All general unsecured creditors shall include the credit cards and other creditors who have deficiency balances after liquidation of their collateral including obligations that arose as a result of personal guaranties for debts of the Debtor's many entities. Unsecured creditors shall receive a pro rata share of the Plan Payments to be made by the Debtor.

B. DESIGNATION AND TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

ANY STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS ARE ESTIMATES OF THE DEBTORS BASED ON CURRENTLY AVAILABLE INFORMATION AND ARE NOT A REPRESENTATION THAT SUCH AMOUNTS WILL ULTIMATELY PROVE CORRECT.

C. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Debtor does not have any executory contracts and/or unexpired leases. To the extent any exist, they are rejected by the Debtor. Any claimed damages as a result of such rejection shall be treated as an unsecured claim.

D. MEANS FOR EFFECTUATING THE PLAN

The source of funds to be used to fund the Plan arises from the Debtor's income. The debtor generates income as shown on schedule I. He and his wife both have income and share living expenses. The debtor earned approximately \$6000 per month from his medical practice at the time of filing, however now earns approximately \$5000 per month. Additionally, he receives Social Security of approximately \$2000 and a pension of approximately \$125. The Debtor's wife receives Social Security and a pension with gross monthly income of approximately \$1200. Based upon schedules I and J,

taking into account the decrease in the debtor's income, the Debtor will pay the sum of \$1,700 per month for a period of 60 months as plan payments for a total amount of \$102,000.

The Debtor proposes to open a separate Reorganized Debtor Account into which the monthly Plan Payments shall be deposited. On the three (3) month anniversary of the Effective Date, and on the same day of each calendar quarter thereafter, the Debtor shall pay all amounts in the Reorganized Debtor Account to fund the Plan. Such payments shall first be made to creditors in Class 1, then Class 2, then Class 3, and then Class 9 as set out in the Plan. The Debtor retains the right to prepay his obligations under the Plan.

E. MODIFICATION OF THE PLAN

The Plan provides that it may be amended or modified at any time prior to confirmation provided that the Plan satisfies the requirements of the Bankruptcy Code. After the Confirmation Date, the Reorganized Debtor may, with approval of the court, amend the Plan to remedy any defect or omission, or reconcile any inconsistencies of the Plan or the Order of Confirmation, as necessary to carry out the purposes and effect of the Plan, but only so long as it does not materially or adversely affect the interest of any claimant.

F. RETENTION OF JURISDICTION

The Plan provides for continuing exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 case and the Plan with the Bankruptcy Court. The Bankruptcy Court will retain jurisdiction to hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, the allowance of cure amounts and claims resulting therefrom, to hear and determine any and all adversary proceedings, applications and contested matters, to hear and determine any objections to claims, to determine rights with respect to any asserted default of the Debtor's performance of the Plan obligations, and related activities under the Bankruptcy Code as detailed in the Plan.

IV. TAX CONSEQUENCES

UNDER IRS CIRCULAR 230, TO THE EXTENT THIS PLAN IS DEEMED A COMMUNICATION FROM COUNSEL TO THE DEBTOR, AND TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, YOU ARE INFORMED THAT ANY U.S. FEDERAL TAX ADVICE CONTAINED IN THIS COMMUNICATION (INCLUDING ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF (1) AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE, OR (2) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.

THE INCOME TAX LAWS APPLICABLE TO RECEIVING DISTRIBUTIONS FROM A BANKRUPTCY ESTATE ARE COMPLEX. CREDITORS AND INTEREST HOLDERS SHOULD CONSULT THEIR TAX ADVISORS IN ORDER TO UNDERSTAND FULLY THE FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES TO THEM OF THE PROPOSED PLAN.

TO THE BEST OF THE DEBTOR'S ABILITY TO DO SO, THE PRIMARY TAX RAMIFICATION TO THE DEBTOR IS THE REDUCTION OF TAX ATTRIBUTES FOR DEBT FORGIVEN AS A RESULT OF THE TREATMENT OF CREDITOR CLAIMS UNDER THE PLAN. ALSO, UPON CONFIRMATION OF THE PLAN, TRADE CREDITORS WHO RECEIVE DISTRIBUTIONS THEREUNDER MAY RECOGNIZE INCOME TO THE EXTENT THAT DEBTS DUE FROM THE DEBTORS WERE DECLARED UNCOLLECTIBLE AND DEDUCTED ON PRIOR TAX RETURNS.

V. DEBTOR'S FINANCIAL INFORMATION

As of the date of filing, the Debtor had highly inflated beliefs as to the values of the real estate owned by the Debtor as well as those parcels owned by the Debtor's entities. During the course of these proceedings, the Debtor has actively sought to sell many of the properties and by and large been unable to do so because the values are less than the indebtedness of the properties. The Debtor has filed amended schedules A and B indicating the current market value of the properties the Debtor owns. The Debtor has also prepared a liquidation analysis which is attached hereto and made a part hereof as Exhibit "C". Such liquidation analysis depicts that if the debtor were to convert to a chapter 7 proceeding and a trustee were to liquidate the various interests of the Debtor, the Debtor believes that the most that would be available for payment of administrative expenses and unsecured creditors is \$82,785.00.

The Debtor is unable to warrant or represent that the financial information contained in the accompanying unaudited financial statements are without any inaccuracy, although reasonable efforts under the circumstances have been made by the debtors to present such financial information and financial statements fairly.

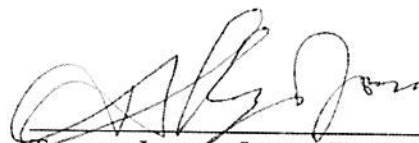
Additionally, there are many risk factors including but not limited to increases in operating expenses, state of the U.S. economy, state of the state and local economy and debtors' ability to keep rental properties fully occupied.

VI. CONCLUSION

The Debtor recommends the acceptance of the Plan. The Debtor believed that the Plan has been proposed in good faith, is fair and equitable, does not unfairly discriminate as to the Creditors, is feasible, and is in the best interest of all Creditors.

DATED: _____

7-26-2016



TREVOR LLOYD-JONES, DEBTOR

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