

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:)
)
 ELLINGTON TRUCKING, LLC) CASE NO. 17-00781-RLM-11
)
 DEBTOR)

DISCLOSURE STATEMENT

I.

INTRODUCTION

Ellington Trucking, LLC (hereinafter “Ellington”), debtor herein, provides this Disclosure statement to all of its known creditors in order to disclose that information deemed by the debtor to be material, important and necessary for its creditors to arrive at a reasonably informed decision in exercising their rights to vote for acceptance of the Plan of Reorganization (hereinafter “Plan”) presently on file with the Bankruptcy Court. A copy of the Plan accompanies this statement.

The Court has set a hearing on the acceptance of the Plan; the time and place of such hearing is stated in an accompanying notice. Creditors vote on the Plan by filling out and mailing the accompanying ballot to the Bankruptcy Court within the time prescribed on the accompanying notice. As a creditor, your acceptance is important. In order for the Plan to be deemed accepted, of the ballots cast, creditors that hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims of all impaired classes must vote for acceptance of the Plan.

The Plan proposed provides for the retention of an interest in its property by the debtor. It also provides for payment in full of all allowed secured claims, over various time frames and with varying rates of interest.

NO REPRESENTATION CONCERNING THE DEBTOR IS 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 DECEISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO CERTIFIED AUDIT. THE RECORDS KEPT BYTHE DEBTORS ARE DEPENDENT UPON INTERNAL ACCOUNTING PERFORMED BY THE DEBTOR. FOR THE FOREGOING REASONS, AS WELL AS BECAUSE OF THE COMPLEXITY OF THE DEBTOR'S FINANCIAL AFFAIRS, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THE INFORMATION COUNTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE AS ACCURATE AS POSSIBLE.

II.

RECOMMENDATIONS

The Debtor recommends the acceptance of the accompanying Plan of Reorganization and requests you fill out and mark your ballot accepting such Plan.

III.

BACKGROUND OF ELLINGTON

Ellington is a trucking transportation company located at 1829 Blankenship Drive, Indianapolis, Indiana. Ellington has historically operated profitably. Ellington Sought relief under Chapter 11 on February 15, 2017, due to underutilization of its services as an MBE/WBE participant pursuant to its contractual arrangement with Calumet Civil Contractors.

FINANCIAL CONDITION OF ELLINGTONLIQUIDATION ANALYSIS AND SCHEDULE OF PROJECTED INCOME

The following is the value of the Debtor's assets:

Item	VIN#	FMV	Lien	Equity
Cash and checking	N/A	\$1,800	none	\$1,800.00
Accounts Receivable	N/A	\$17,000.00	none	\$17,000.00
2015 International Dump Truck	1HTGSSNT1FH517361	\$75,000.00	\$92,512 Quality	\$0.00
2015 International Dump Truck	1HTGSSN5FH517363	\$75,000.00	\$91,501 Quality	\$0.00
2013 Kenworth Dump Truck	1NKDL70X7DJ341330	\$121,071.00	\$81,859 ITC	\$39,212.00
2015 Kenworth Dump Truck	1NKZLP0X0FJ431007	\$162,200.00	\$107,804 ITC	\$54,396.00
2015 Kenworth Dump Truck	1NKZLP0X4FJ431009	\$162,200.00	\$108,707 ITC	\$53,493.00
2015 International Dump Truck	1HTGSSNT3FH517362	\$50,600.00	\$107,660 BMO	\$0.00
2015 International Dump Truck	1HTGSSNTFXH517360	\$50,600.00	\$107,660 BMO	\$0.00
2016 International Dump Truck	1HTGSSNT2GH005397	\$50,600.00	\$107,660 BMO	\$0.00
2015 Ford F250	1FT7W2B60FEB59638	\$35,100.00	\$35,617 Chase	\$0.00
Office Equipment and Furniture	N/A	\$3,700.00	UCC	\$3,700.00
Machinery and Equipment	N/A	\$750.00	UCC	\$750.00

UCC financing statement on Existing and After Acquired Inventory, Equipment, Property and Accounts held by On Deck Capital, Inc. (\$31,889) and Transfac Capital, Inc. (\$174,500)

LIQUIDATION ANALYSIS

SUMMARY

Cash	\$1,800.00
Accounts Receivable (Net)	\$17,000.00
Trucks and Trailers (Net)	\$147,074.00
Office Equipment and Furniture	\$4,450.00
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TOTAL	\$170,324.00

DEDUCTIONS

Personal Property Liquidation Cost (15%)	\$25,548.00
<u>UCC financing statements (On Deck & Transfac)</u>	<u>\$206,389.00</u>
NET AVAILABLE TO UNSECURED CREDITORS	(-\$61,613)

SCHEDULES OF PROJECTED INCOME AND EXPENSES FOR YEARS 2017, 2018, 2019, 2020, 2021 ARE ATTACHED AS “EXHIBIT A”

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 classes 1 through 11 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 12 and 11 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.

The deadline for filing a proof of claim in this case was August 14, 2017.

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 five 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;
administrative expenses.

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 Nonaccepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting 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 above.

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 liquidation or reorganization is proposed in the Plan.

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 A.

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 above.

The Plan Proponent's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes. The final Plan payment is expected to be paid within 60 months after confirmation.

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 re-voting on the Plan.

Upon request of the Debtor, the United States trustee, or the holder of an allowed unsecured claim, the Plan may be modified at any time after confirmation of the Plan but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take account of any payment of the claim made other than under the Plan.

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.

Dated this 2nd day of October, 2017.

Ellington Trucking, LLC

/s/ Sharon Harris
By: Sharon Harris, Managing Member

/s/Robert D. Cheesebrough
Robert D. Cheesebrough
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