

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF KENTUCKY
LOUISVILLE DIVISION

IN RE:)
)
MAURY D. KOMMOR) CHAPTER 11
)
Debtor) CASE NO. 15-33786-acs
)
_____)

DISCLOSURE STATEMENT
FOR PLAN OF REORGANIZATION DATED AUGUST 22, 2016,
SUBMITTED BY DEBTOR MAURY D. KOMMOR

* * * * *

Respectfully submitted,

/s/ David M. Cantor
DAVID M. CANTOR
SEILLER WATERMAN LLC
Meidinger Tower - 22nd Floor
462 S. Fourth Street
Louisville, KY 40202
Telephone: (502) 584-7400
Facsimile: (502) 583-2100
E-mail: cantor@derbycitylaw.com
Counsel for Debtor Maury D. Kommor

INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) in the chapter 11 bankruptcy case of Maury D. Kommor (or the “Debtor”) which was commenced on November 25, 2015 (the “Petition Date”). This Disclosure Statement contains information about the Debtor and describes his Plan of Reorganization (the “Plan”) filed on August 22, 2016. (A copy of the Proposed Plan is attached hereto as **Exhibit A**).

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 Debtor is seeking Confirmation of his Plan, through approval of holders of Claims and Interests. This Disclosure Statement is submitted by the Debtor in connection with the solicitation of acceptances of the Plan.

THE DEBTOR BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND OTHER STAKEHOLDERS. ALL CREDITORS ENTITLED TO VOTE ARE URGED TO VOTE IN FAVOR OF THE PLAN BY THE VOTING DEADLINE.

1.1 Purpose of this Disclosure Statement

This Disclosure Statement describes the Debtor and significant events during the Chapter 11 Case; how the Plan proposes to treat Claims or Interests of the type you hold (*i.e.*, what you can expect to receive based on your Claim or Interest if the Plan is confirmed); who may vote on and/or object to Confirmation of the Plan; what factors the Bankruptcy Court will consider when deciding whether to confirm the Plan; why the Debtor believes the Plan is feasible; how the treatment of your Claim or Interest under the Plan compares to what you would likely receive on your Claim or Interest in a liquidation of the Debtor; and the effect of Confirmation of the Plan. It is important to read the Plan as well as this Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

1.2 Disclaimers

The summaries of the Plan and other documents contained in this Disclosure Statement are qualified by reference to the Plan itself, the exhibits thereto, and the documents described therein.

The information contained in this Disclosure Statement, including the information regarding the history, business, and operations of the Debtor, the financial information regarding the Debtor and the liquidation analysis relating to the Debtor, is included for purposes of soliciting acceptances of the Plan, but, as to contested matters and adversary proceedings, is not to be construed as admissions or stipulations, but rather as statements made in settlement negotiations.

The descriptions of the relief sought or obtained in this Chapter 11 Case throughout this Disclosure Statement are summaries only. All pleadings filed in the Chapter 11 Case and all orders entered by the Bankruptcy Court are publicly available and may be found, downloaded, and read from the Bankruptcy Court website found at www.kywb.uscourts.gov. Please note that access to pleadings at the Bankruptcy Court website requires registration on PACER and certain fees per page are charged.

This Disclosure Statement contains forward-looking statements based primarily on the current expectations of the Debtor, and projections about future events and financial trends affecting the financial condition of the Debtor. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” and similar expressions identify these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described below under the caption “Risk Factors” in Article 8. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Disclosure Statement may not occur, and actual results could differ materially from those anticipated in the forward-looking statements. The Debtor does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

The requirements for Confirmation, including the vote of creditors to accept the Plan and certain statutory findings that must be made by the Bankruptcy Court, are set forth in Article 7. Consummation of the Plan and the occurrence of the Effective Date are subject to a number of significant conditions, which are summarized in Section 10.3. There is no assurance that these conditions will be satisfied or waived.

1.3 Important Administrative Information

(A) Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, complete and return the ballot enclosed with the Notice of Hearing on Confirmation of the Plan to counsel for the Debtor via one (1) of the following methods:

E-mail: swann@derbycitylaw.com
Subject: 15-33786-acs Maury D. Kommor ballot

Facsimile: (502) 371-9253

U.S. Mail: Seiller Waterman LLC
Attn: Rebecca Swann
Meidinger Tower – 22nd Floor
462 S. Fourth Street
Louisville, Kentucky 40202

(B) Deadlines for Voting or Objecting to Confirmation

The Bankruptcy Court typically establishes the date that is seven (7) days prior to the Confirmation Hearing as the deadline for submission of ballots and filing of objections to Confirmation of the Plan. Your completed ballot must be received on or before the Voting Deadline (as described in the Order approving this Disclosure Statement or other Bankruptcy Court Order) or it will not be counted. If no Voting Deadline is explicitly established by the Bankruptcy Court, the Voting Deadline is seven (7) days prior to the Confirmation Hearing. Objections to Confirmation of the Plan must be filed with the Bankruptcy Court and served upon counsel for the Debtor and the Office of the United States Trustee on or before the Objection Deadline (as described in the Order approving this Disclosure Statement or other Bankruptcy Court Order) or it will not be heard. If no Objection Deadline is explicitly established by the Bankruptcy Court, the Objection Deadline is seven (7) days prior to the Confirmation Hearing.

(C) Time and Place of the Confirmation Hearing

The hearing(s) at which the Bankruptcy Court will determine whether to confirm the Plan will take place at the Federal Courthouse, 601 West Broadway, Courtroom #3, Fifth Floor, Louisville, KY 40202 (use the 7th Street elevators), at a date and time to be determined by the Bankruptcy Court and published within the Order approving this Disclosure Statement.

(D) Whom to Contact for Additional Information

If you want additional information about the Plan, you should contact counsel for the Debtor via the contact information below:

David M. Cantor
SEILLER WATERMAN LLC
Meidinger Tower – 22nd Floor
462 S. Fourth Street
Louisville, Kentucky 40202
Telephone: (502) 584-7400
E-mail: cantor@derbycitylaw.com

2. GENERAL INFORMATION ABOUT THE DEBTOR

2.1 Description and History of the Debtor's Business

The Debtor is a lawyer with decades' experience whose practice focuses on the representation of plaintiffs in personal-injury and other tort cases, as well as those accused of crimes. Since 2004, the Debtor has operated his practice through Maury D. Kommor and Associates, PLLC, a Kentucky limited liability company. During his career, the Debtor has collected millions of dollars for his clients.

2.2 Events Leading to Chapter 11 Filing

In 2010, the Debtor's then-spouse petitioned for the dissolution of their marriage. The expense of those proceedings, which pended for several years, and the cost of maintaining two separate households, strained the Debtor's finances. The Debtor owes a domestic support obligation which has required him to pay \$6,000.00 per month. That obligation will abate during the term of the Plan, with payments decreasing to \$4,000.00 per month in June 2017 and continuing through September 2020, when the final such payment is due.

Meanwhile, the Debtor dedicated a significant portion of his time and effort to a handful of cases which the Debtor undertook for a contingency fee and which have entailed years of proceedings that have diverted the Debtor's legal practice from smaller cases with more regular compensation.

For years, the Debtor attempted to work informally with his creditors, negotiating a forbearance agreement and a modified payment schedule with one of them, but was unable to pay his obligations as they came due. Prior to filing, the Debtor faced the loss of the commercial real estate which hosts his law practice due to collection activity by taxing authorities.

3. THE CHAPTER 11 CASE

3.1 Business Stabilization

(A) Continuation of Ordinary Course Transactions

Since the Petition Date, the Debtor has continued to operate as a debtor-in-possession subject to the supervision of the Bankruptcy Court in accordance with the Bankruptcy Code. While the Debtor is authorized to operate in the ordinary course of business, transactions outside the ordinary course of business require prior Bankruptcy Court approval. The Bankruptcy Court has approved the Debtor's employment of attorneys as required by the Bankruptcy Code to assist with its restructuring efforts and to guide the Debtor through his Chapter 11 Case.

(B) Automatic Stay

An immediate effect of the filing of the Debtor's chapter 11 petition was the imposition of the automatic stay under Bankruptcy Code § 362(a), which, with limited exceptions, enjoined the commencement or continuation of the enforcement of liens against the Debtor's property, the continuation of litigation against the Debtor, and any other collection efforts by creditors. This relief afforded the Debtor with the "breathing spell" necessary to assess and reorganize his business. The automatic stay remains in effect, unless modified by the Bankruptcy Court or applicable law, until the Effective Date.

3.2 Claims Objections

Except to the extent that a Claim is already an Allowed Claim pursuant to a Final Order, the Debtor reserves the right to object to Claims. Therefore, even if your Claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your Claim is later upheld. The procedures for resolving Disputed Claims are set forth in Article 6 of the Plan.

3.3 Assets of the Bankruptcy Estate

(A) Debtor's Balance Sheet

The identity and current fair market value of the bankruptcy estate's assets are listed in Section 5 below. The values attributed are based upon the data available in the Debtor's pre-petition financial statements, bankruptcy schedules, and most recent monthly operating report, as well as proofs of claim filed in this Chapter 11 Case.

(B) Avoidance Actions

The Debtor does not believe there will be any recovery of avoidance transfers. None were listed in his schedules.

3.4 Post-Petition Operations

During this Chapter 11 Case, the Debtor has maintained possession of his assets and continued normal business operations as a debtor-in-possession, without reliance on any credit or borrowing since the Petition Date. No requests for the appointment of a trustee or examiner have been made, and no committees of any kind have been appointed.

The Debtor continues to operate his well-established law practice, representing new and existing clients in tort and criminal matters. As of the Petition Date, the Debtor became a W-2 employee of Maury D. Kommor & Associates PLLC, which is providing him with a salary *after* taxes are withheld.

3.5 Plan Exclusivity

The exclusive period during which only the Debtor may file a chapter 11 plan was extended through August 22, 2016. The period provided by Bankruptcy Code § 1121(c)(3) within which the Debtor may exclusively seek confirmation of the plan has been extended through September 22, 2016.

4. SUMMARY OF THE PLAN

4.1 Overview of Chapter 11

Chapter 11 of the Bankruptcy Code is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, debtors are authorized to reorganize their financial obligations and business for the benefit of themselves, their creditors and their creditors.

Chapter 11 promotes equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of the value of the debtors' assets. The commencement of a chapter 11 case, by the filing of a petition, creates an estate that is comprised of all of the legal and equitable property interests held by the debtors as of the commencement date. The Bankruptcy Code provides that debtors may continue to operate their businesses and remain in possession of their property as "debtors-in-possession."

The confirmation and consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in the debtors. Confirmation of a plan by the Bankruptcy Court makes the plan binding upon the debtors, any issuer of securities under the plan, any person or entity acquiring property under the plan, and any creditor of or equity security holder in the debtors, whether or not such creditor or equity security holder (i) is impaired or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtors from any debt that arose prior to the commencement of the bankruptcy case and substitutes therefor the obligations specified under the confirmed plan.

Confirmation of a plan, which is the vehicle for satisfying the rights of holders of Claims against and equity Interests of the debtors, is the overriding purpose of a chapter 11 case. Although referred to as a plan of reorganization or liquidation, a plan may provide anything from a complex restructuring of the debtors' businesses and their related obligations to a simple liquidation of their assets. In either event, upon confirmation of a plan, it becomes binding on the debtors and all of their creditors and stakeholders, and the obligations owed by the debtors to those parties are compromised and exchanged for the obligations specified in the plan.

In this Chapter 11 Case, the Plan contemplates the reorganization of existing debt and continuation of the Debtor's normal business operations. The primary objectives of the Plan are to: (a) maximize the value of the ultimate recoveries to all creditor groups on a fair and equitable basis; and (b) settle, compromise, or otherwise dispose of certain Claims on terms that the Debtor believes to be fair and reasonable and in the best interest of the Debtor's estate and his creditors.

4.2 Structure of the Plan

All capitalized terms used in this Disclosure Statement and not otherwise defined herein have the meanings ascribed in the Plan.

As required by the Bankruptcy Code, the Plan places Claims and Interests in various Classes and describes the treatment each Class will receive. The Plan also states whether each Class of Claims or Interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the treatment provided by the Plan.

4.3 Claims and Interests

Pursuant to Bankruptcy Code § 1122, set forth below is a designation of classes of Claims against and Interests in the Debtor. A Claim or Interest is placed in a particular Class for purposes of voting on the Plan and receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date.

The classification of Claims and Interests for purposes of the distributions to be made under the Plan shall be governed solely by the terms of the Plan. The classification set forth on the Ballots tendered or returned by holders of Claims and Interests in connection with voting on the Plan: (a) are set forth on the Ballots solely for purposes of voting to accept or reject the Plan; (b) do not necessarily represent, and in no event shall be deemed to modify or otherwise affect, the actual classification of such Claims under the Plan for distribution purposes; (c) may not be relied upon by any holder of a Claim or Interest as representing the actual classification of such Claims under the Plan for distribution purposes; and (d) shall not be binding on the Debtor.

CLASSIFICATION OF CLAIMS AND INTERESTS

Class 1. Class 1 consists of all Administrative Claims of the Debtor pursuant to Bankruptcy Code § 507 (a)(2). The members of this class are Debtor's counsel herein, Seiller Waterman LLC, and the United States Trustee for quarterly fees.

Class 1 is a non-voting class.

Class 2. Class 2 consists of all Allowed Priority Tax Claims entitled to priority under Bankruptcy Code § 507 (except allowed Administrative Claims under § 507(a)(2)). Members of this class are the Internal Revenue Service in the amount of \$487,633.86; the

Kentucky Department of Revenue in the amount of \$79,238.63; and Louisville/Jefferson County Metro in the amount of \$41,400.00.

Class 2 is an impaired class.

Class 3A-C. Classes 3A, 3B, and 3C consist of Allowed Tax Claims entitled to secured status pursuant to Bankruptcy Code § 506. Members of these classes are the Internal Revenue Service in the amount of \$261,609.44; Joyce Versino in the amount of \$2,805.27; the Jefferson County Sheriff's Office in the separate amounts of \$1,092.24 and \$5,357.32; and MTAG/CAZ Creek KY LLC in the amount of \$9,220.11.

Classes 3A, 3B, and 3C are impaired classes.

Class 4. Class 4 consists of the Allowed Secured Claim of Republic Bank & Trust Company in the sum of \$291,292.62, plus that portion of the approximately \$26,000.00 in arrearages accrued since the Petition Date which represent interest under the underlying contract and any related expenditures by Republic for insurance and taxes. This claim is secured by a first mortgage on the Debtor's office building located at 1205 South Third Street, Louisville, KY 40203. Republic Bank & Trust is a fully secured creditor.

Class 4 is an impaired class.

Class 5. Class 5 consists of the Allowed Secured Claim of Regional Acceptance Corporation in the sum of \$18,658.52, and is secured by a first lien on the Debtor's 2013 Ford Fusion. Regional Acceptance is a fully secured creditor.

Class 5 is an impaired class.

Class 6. Class 6 consists of the Allowed Claim of Lori Ann Morley Kommor arising from the obligations imposed by the Jefferson County Family Court in case number 10-CI-500280, including but not limited to the Debtor's obligation to pay child support and maintenance, and to hold Lori Ann Morley Kommor harmless from certain joint debts.

Class 6 is an unimpaired class.

Class 7. Class 7 consists of the unsecured claim of States Resources Corp. in the amount of \$222,777.80, which is guaranteed by Maury D. Kommor & Associates PLLC.

Class 7 is an impaired class.

Class 8. Class 8 consists of unsecured claims (except those claims classified above). Members of this class are:

<u>Claimant</u>	<u>Amount</u>
a. Internal Revenue Service	\$ 421,309.84
b. Kentucky Department of Revenue	\$ 32,755.80
c. NCEP, LLC	\$ 2,580.77
d. Daimler Trust	\$ 8,764.72
e. Kentuckiana ENT	\$ 135.62
f. Assured NL Insurance Agency Inc.	\$ 740.20
g. Bank of America (X4446)	\$ 2,434.71
h. Bank of America (Credit Control)	\$ 14,181.70
i. Barrister Capital	\$ 13,500.00
j. Chase Bank USA (United Recovery)	\$ 18,995.97
k. Citibank (McCarthy Burgess)	\$ 22,899.00
l. Clark Memorial Hospital	\$ 1,761.05
m. Daniel Weinberg OD PSC	\$ 188.00
n. FIA Card Services (NES)	\$ 14,181.70
o. Greg Nunnally	\$ 2,095.00
p. Integrative Psychiatry PLLC	\$ 895.00
q. KSI	\$ 6,532.00
r. Laurel S. Doheny Esq.	\$ 3,000.00

s. Lin Bell Associates Inc.	\$	1,150.00
t. One Anesthesia PLLC	\$	317.12
u. Tafel Motors Inc.	\$	1,116.66
v. Volkswagen Credit Inc. (A/R Tech.)	\$	<u>3,469.63</u>
TOTAL:	\$	573,004.49

Class 8 is an impaired class.

Class 9 Class 9 consists of the ownership (equity) interests of the Debtor, Maury D. Kommor.

Class 9 is an unimpaired class.

TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

Class 1. The Class 1 Claims of Debtor's Counsel, Seiller Waterman LLC, and the United States Trustee will receive cash equal to the amount of their allowed Administrative Claims on the Effective Date of the Plan, except to the extent the holder of a Claim in Class 1 has agreed to alternative treatment of its Claim.

Class 2. Class 2 consists of Priority Tax Claims. Class 2 claimants will be paid in full with interest consistent with nonbankruptcy law during the sixty (60) months after the Effective Date of the Plan.

Classes 3A-C. Classes 3A-C consist of Allowed Secured Tax Claims. Class 3A, 3B, and 3C claimants will be paid with interest consistent with nonbankruptcy law during the sixty (60) months after the Effective Date of the Plan.

Class 4. Class 4 consists of the Secured Claim of Republic Bank & Trust Company. The Class 4 Claim of Republic Bank & Trust Company will be satisfied in full by adding to the Claim the amount of (i) any expenditures that have been made by the claimant for taxes and insurance, and (ii) interest that has accrued under the contract during the pendency of the Chapter 11 Case prior to Confirmation, less any payments received by the claimant during that same period, with the resulting balance being amortized for thirty (30) years with an interest rate of 5.0%. Monthly payments, commencing on the Effective Date, will consist of approximately \$1,600.00. Republic Bank & Trust Company will retain its security interest in the Debtor's real estate located at 1205 South Third Street, Louisville, Kentucky, until its Claim is satisfied in full.

Class 5. Class 5 consists of the Secured Claim of Regional Acceptance Corporation. The Class 5 Claim of Regional Acceptance Corporation will be satisfied in full, with 4.5% interest, by monthly payments of \$347.85, during a term of sixty (60) months, with the first such payment

due thirty (30) days after the Effective Date. Regional Acceptance Corporation will retain its security interest in its collateral until its Class 5 Claim is satisfied in full.

Class 6. Class 6 consists of the Claims of Lori Ann Morley Kommor pursuant to the orders of the Jefferson Family Court in case number 10-CI-500280. The Class 6 Claim of Lori Ann Morley Kommor will not be disturbed or altered by the Confirmation of the Plan.

Class 7: The Class 7 Claim of States Resources Corp. shall be paid directly by Maury D. Kommor & Associates PLLC, outside the Plan.

Class 8: Class 8 consists of the unsecured creditors of the Debtor. On the date that is twelve (12) months after the Effective Date, the Debtor shall make a payment of \$25,000.00 to Class 8 claimants with Allowed Claims who have filed proofs of claim with the Bankruptcy Court prior to the date that is thirty (30) days after the Effective Date. Such claimants will receive pro-rata distributions of said \$25,000.00 payment.

Class 9: Class 9 consists of the ownership interests of the Debtor. The Debtor shall retain his ownership interest in all of his property and property of the estate.

5. PROPERTY OF THE ESTATE

5.1 Real Estate:

Current value based on Debtor's estimates:

a. Debtor's condominium located at 1040 Cherokee Road United D4, Louisville, KY	\$ 85,000.00
b Office building located at 1205 S. 3rd Street., Louisville, KY	\$ <u>395,000.00</u>
TOTAL:	\$ 480,000.00

5.2 Personal Property:

a. current funds on hand	\$ 177.00
b household goods, furnishings, collectibles, clothing, jewelry	\$ 4,200.00
c. retirement account with John Hancock	\$ 83,900.00
d. Intel – 91 shares	\$ 3,100.00
e. Maury D. Kommor PLLC	\$ -zero-
f. 2013 Ford Fusion	\$ <u>18,658.52</u>
TOTAL:	\$ 110,035.52

5.3 Liquidation Analysis

The Debtor believes that the value of his real estate and personal property would be reduced at liquidation and would not yield proceeds in the amounts set forth above. However, even if the Debtor’s property were to yield proceeds in the amounts set forth above, such proceeds would be fully consumed by the payment of secured and priority claims and costs of administration, such that unsecured creditors would most probably receive no distribution.

6. CONFIRMATION PROCEDURES

6.1 Approval of Disclosure Statement

This Disclosure Statement has been prepared in accordance with Bankruptcy Code § 1125 and Bankruptcy Rule 3016(b), and not necessarily in accordance with federal or state securities laws or other non-bankruptcy laws. The purpose of this Disclosure Statement is to provide adequate information to enable the holder of a Claim against or equity Interests of the Debtor to make a reasonably informed decision with respect to the Plan prior to exercising its right to vote to accept or reject the Plan. Prior to the Debtor’s dissemination of this Disclosure Statement to holders of Claims and Interests for the purpose of soliciting votes to accept the Plan, the Debtor must obtain Bankruptcy Court approval of this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable such holders to make an informed judgment with respect to acceptance or rejection of the Plan. The Bankruptcy Court’s approval of this Disclosure Statement does not constitute either a guarantee of the accuracy or completeness of the information contained herein or an endorsement of the Plan by the Bankruptcy Court.

6.2 Solicitation of Votes

No person is authorized by the Debtor in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation other than as contained in this Disclosure Statement and the exhibits attached hereto or incorporated by reference, and, if given or made, such information or representation may not be relied upon as having been authorized by the Debtor.

6.3 Voting on the Plan

In accordance with the Bankruptcy Code, only Classes of Claims against or equity Interests of the Debtor that are “impaired” under the terms of the Plan are entitled to vote to accept or reject the Plan. A Class is “impaired” if the legal, equitable, or contractual rights attaching to the Claims or Interests of that Class are modified, other than by curing defaults and reinstating maturity. Classes of Claims and Interest that are not impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes of Claims and Interests that receive no distributions under the Plan are not entitled to vote on the Plan and are deemed to have rejected the Plan unless such Class otherwise indicates acceptance. The classification and treatment of Claims and Interests is summarized in Articles IV and V of the Plan.

VOTING ON THE PLAN BY EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE PLAN IS IMPORTANT. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS, IF YOU HOLD MULTIPLE GENERAL UNSECURED CLAIMS, OR UNDER CERTAIN OTHER CIRCUMSTANCES, YOU MAY SUBMIT MORE THAN ONE BALLOT. YOU SHOULD COMPLETE, SIGN, AND RETURN A CORRESPONDING BALLOT FOR EACH CLAIM YOU HOLD AGAINST THE DEBTOR.

PLEASE CAREFULLY FOLLOW ALL OF THE INSTRUCTIONS CONTAINED ON THE BALLOT MADE AVAILABLE TO YOU. ALL BALLOTS MUST BE COMPLETED AND RETURNED IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED THEREON.

TO BE COUNTED, YOUR BALLOT MUST ACTUALLY BE RECEIVED BY THE VOTING DEADLINE. IT IS OF THE UTMOST IMPORTANCE TO THE DEBTOR THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN.

Votes cannot be transmitted orally. Accordingly, you are urged to return your signed and completed Ballot by hand delivery, facsimile, e-mail, overnight service, or regular U.S. mail.

(A) Eligibility

Many parties in interest 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 Interest that is both (1) allowed (or allowed for voting purposes) and (2) impaired.

In this case, the Debtor believes that Classes 3, 4, 5, 7, and 8 are impaired and that holders of Allowed Claims or Interests in each of those Classes are therefore entitled to vote on the Plan.

(1) Allowed Claims and Allowed Interests

Only the holder of an Allowed Claim or an Allowed Interest has the right to vote on the Plan. When a Claim or Interest is not allowed, the purported creditor or equity Interest holder cannot vote to accept or reject the Plan unless the Bankruptcy Court, after notice and hearing, either determines in a Final Order that the disputed claim or interest is an Allowed Claim or an Allowed Interest, or allows the Claim or Interest for voting purposes pursuant to Bankruptcy Rule 3018(a).

(2) Impairment

The holder of an Allowed Claim or Allowed Interest has the right to vote only if it is in a Class that is *impaired* under the Plan. As provided in Bankruptcy Code § 1124, a Class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that Class.

(B) Voting in Multiple Classes

The holder of an Allowed Claim that has been allowed in part as a Secured Claim and in part as an Unsecured Claim, or multiple Allowed Claims in multiple Classes, is entitled to accept or reject the Plan in each capacity, and should cast one ballot for each Class in which the holder is a member.

(C) Persons Not Entitled to Vote

The holders of the following types of Claims and Interests are *not* entitled to vote on the Plan unless they hold other Allowed Claims in one or more impaired Classes: those that have been disallowed by Final Order of the Bankruptcy Court; those that are in a Class that is unimpaired by the Plan; those entitled to priority pursuant to Bankruptcy Code §§ 507(a)(2) or (a)(3); those that will not receive or retain any value or property under the Plan; and those that are Administrative Expenses.

7. CONFIRMATION REQUIREMENTS

To be confirmable, the Plan must meet the requirements listed in Bankruptcy Code §§ 1129(a) or (b). 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 the 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, 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 Bankruptcy Code § 1129, and they are not the only requirements for Confirmation.

7.1 Feasibility of the Plan

Bankruptcy Code § 1129(a)(11) requires that the Bankruptcy Court must find that confirmation of the plan is not likely to be followed by liquidation or the need for further financial reorganization of the debtor unless contemplated by the plan. This requirement is commonly referred to as the “feasibility” requirement. The Plan does not contemplate a subsequent liquidation or financial reorganization, and the Debtor believes that he will be able to perform timely all obligations described in the Plan. Therefore, the Debtor believes that the Bankruptcy Court will find that the Plan is feasible.

7.2 Best Interests Test

Finding of Fact Required

Even if the Plan is accepted by each Class of holders of Claims and Interests, the Bankruptcy Code requires the Bankruptcy Court to determine that the Plan is in the best interests of all holders of Claims and Interests that are impaired by the Plan and that have not accepted the Plan. The “best interests” test, as set forth in Bankruptcy Code § 1129(a)(7), requires the Bankruptcy Court to find either that (i) all members of an impaired Class of Claims or Interests have accepted the Plan, or (ii) the Plan will provide a member who has not accepted the Plan with a recovery of property of a value, as of the Effective Date, that is not less than the amount such holder would recover if the Debtor filed for liquidation under chapter 7 of the Bankruptcy Code.

7.3 Votes Necessary for Confirmation

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

(A) Class Acceptance

Bankruptcy Code § 1126(c) defines acceptance of a plan by a class of impaired claims as acceptance by holders of (i) at least two-thirds (2/3) in dollar amount and (ii) more than one-half (1/2) in number of claims in that class but, for the latter purpose, counts only those who actually vote to accept or reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance.

A Class of Interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the Allowed Interests in the Class who cast votes on the Plan accept the Plan.

(B) Treatment of Non-Accepting Classes

Even if one or more impaired Class votes to reject the Plan, the Bankruptcy Court may nonetheless confirm the Plan if at least one (1) impaired Class of Claims has accepted the Plan, and the non-accepting Classes are treated in a manner prescribed by Bankruptcy Code § 1129(b). A plan that binds non-accepting Classes is commonly referred to as a “cramdown” plan.

You should consult your own attorney if a cramdown confirmation will affect your Claim or Interest, as the variations on this general rule are numerous and complex.

7.4 “Cramdown” Confirmation

Bankruptcy Code § 1129(b) provides that a plan can be confirmed even if it has not been accepted by all impaired classes as long as at least one impaired class of claims (excluding the votes of “insiders”) has accepted it. The Bankruptcy Court may confirm the Plan at the Debtor’s request notwithstanding an impaired Class’ rejection of the Plan as long as the Plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired Class that has not accepted it.

A plan is fair and equitable as to a class of secured claims that rejects such plan if the plan provides (1)(a) that the holders of such claims in the rejecting class retain their liens securing those claims to the extent of the allowed amount of such claims, whether the collateralized property is retained by the debtor or transferred to another entity, and (b) that each holder of such a claim receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim, of a value, as of the effective date of the plan, of at least the value of the holder’s interest in the estate’s interest in such property; (2) for the sale, subject to Bankruptcy Code § 363(k), of any property that is subject to the liens securing the claims including in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (a) or (b) of this sentence; or (3) for the realization by such holders of the indubitable equivalent of their claims.

A plan is fair and equitable as to a class of unsecured claims that rejects such plan if the plan provides (1) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (1) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (2) that the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior interest any property at all.

In the event that any impaired Class votes to reject the Plan, the Debtor will seek Confirmation of the Plan pursuant to Bankruptcy Code § 1129(b).

8. RISK FACTORS

The holder of a Claim against the Debtor should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

8.1 Considerations Regarding the Chapter 11 Case

(A) Any significant delay in the Debtor's emergence from bankruptcy may disrupt business operations.

The impact that prolonging of the Chapter 11 Case may have on the Debtor's operations cannot be accurately predicted or quantified. Although the Debtor has endeavored to minimize the effects of any bankruptcy-related disturbances since the commencement of this case, certain disruptions in operations have been unavoidable. The continuation of this Chapter 11 Case, particularly if the Plan is not approved or confirmed within the targeted timeframe, could further adversely affect the Debtor's operations and relationships with his suppliers, consumers, and agents. If confirmation and consummation of the Plan do not occur within the periods currently contemplated, the Chapter 11 Case could result in, among other things, increased costs for professional fees and similar Administrative Expenses.

(B) The Debtor may not be able to obtain Confirmation of the Plan.

The Debtor cannot insure that he will receive the requisite acceptances from the holders of Allowed Claims to confirm the Plan. Even if all impaired Classes accept or could be deemed to have accepted the Plan, the Debtor cannot insure that the Bankruptcy Court will confirm the Plan. One or more non-accepting holders(s) of Claims and/or Interests, or the United States Trustee, might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or the Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Bankruptcy Code § 1129 sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that (a) confirmation of the Plan is not likely to be followed by liquidation or a need for further financial reorganization; (b) the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes; (c) the value of distributions to dissenting holders of Claims and Interests will not be less than the value of distributions such holders would receive if the Debtor filed for liquidation under chapter 7 of the Bankruptcy Code; and (d) the Plan and the Debtor have otherwise complied with the applicable provisions of the Bankruptcy Code. Although the Debtor believes that the Plan will meet all applicable tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Consummation of the Plan is also subject to certain conditions described below in Section 10.3, *infra*. If the Plan is not confirmed, it is unclear whether a restructuring of the Debtor could be implemented and what distributions holder of Claims ultimately would receive with respect to their Claims. If an alternative reorganization could not be agreed to, it is possible that the Debtor would have to liquidate his assets, in which case it is unlikely, but possible, that holders of Claims would receive substantially less favorable treatment than they would receive under the Plan.

(C) Parties in interest may object to the Debtor's classification of Claims and Interests.

Bankruptcy Code § 1122 provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtor believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code, as augmented or clarified by controlling legal precedent.

(D) The Debtor may attempt to achieve confirmation notwithstanding an inability to obtain necessary votes for consensual confirmation.

Pursuant to the “cramdown” provisions of Bankruptcy Code § 1129, the Bankruptcy Court can confirm the Plan at the Debtor’s request if (i) at least one impaired Class has accepted the Plan (with such acceptance being determined without including the acceptance of any “insider” in such Class) and (ii) with respect to each impaired Class that has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable.” In accordance with Bankruptcy Code § 1129(a)(8), the Debtor will request that the Bankruptcy Court confirm the Plan without the acceptance of all impaired Classes entitled to vote.

The Debtor hereby reserves the right to modify the terms of the Plan as necessary for confirmation without the acceptance of all impaired Classes. Such modification could result in less favorable treatment for any non-accepting Classes than the treatment currently provided for in the Plan. Such less favorable treatment could include a distribution of property of a lesser value than that currently proposed in the Plan or no distribution of property whatsoever.

8.2 Considerations Regarding the Debtor's Business

(A) The Debtor's financial projections are inherently uncertain and actual results may differ materially.

The Debtor has proceeded in utmost good faith in his attempt to produce a realistic projection of his financial position over the relevant years in which substantially all of the Debtor’s restructured debts will be serviced under the Plan. Nonetheless, any undertaking in the area of financial projections necessarily requires a host of assumptions, and events and circumstances frequently do not occur as expected. The degree of difference between the projected and actual results cannot be known, but such differences may prove to be material with respect to the Debtor’s financial well-being following confirmation.

Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as a guaranty, representation, or other assurance of or against the actual results that will occur. The Debtor does not intend to update the Financial Projections; thus, the Financial Projections will not reflect the impact of any subsequent events not already accounted for in the disclosed assumptions.

9. ALTERNATIVES TO CONFIRMATION OF THE PLAN

9.1 Chapter 7 Liquidation

Notwithstanding acceptance of the Plan by the requisite number of members of any Class, the Bankruptcy Court must still independently determine that the Plan provides each member of each impaired Class of Claims and Interests a recovery that has a value at least equal to the distribution that each such Claim or Interest holder would receive if the Debtor files for liquidation under chapter 7 of the Bankruptcy Code on the Effective Date.

If no plan is confirmed, the Debtor's Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee would be appointed to liquidate the assets of the Estate. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtor.

However, the Debtor believes that creditors would lose the benefit of a substantially higher going-concern value if the Debtor were forced to liquidate. In addition, the Debtor believes that in liquidation under chapter 7, before holders of Allowed Claims received any distribution, additional Administrative Expenses involved in the appointment of a trustee and the necessary attorneys, accountants, and other professionals to assist such trustee(s) would cause a substantial diminution in the value of the Estate.

9.2 Chapter 11 Liquidation

The Debtor could also be liquidated pursuant to a chapter 11 plan if the Plan is not confirmed. In liquidation under chapter 11, the Debtor's assets could be sold in an orderly fashion over a more extended period of time than in liquidation under chapter 7. Thus, a chapter 11 liquidation might result in greater recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Because a trustee is not required in a chapter 11 liquidation, expenses for professional fees could be lower than in a chapter 7 case in which a trustee must be appointed. Any distribution to the holders of Claims and Interests under a chapter 11 liquidation plan probably would be delayed substantially. Notwithstanding the potentially lower administrative costs associated with a chapter 11 liquidation, the value of any distributions to holders of Claims against the Debtor would be substantially diluted by the increased amount and value of Claims resulting from the cessation of the Debtor's operations.

The likely form of any liquidation would be by piecemeal sale of individual assets. Based on this analysis, a liquidation of the Debtor's assets likely would produce less value for distribution to creditors than that recoverable in each instance under the Plan.

9.3 Alternative Plans

If the Plan is not confirmed, the Debtor or any other party in interest in this Chapter 11 Case could, subject to the expiration of the Debtor's exclusivity period, propose a different plan.

10. EFFECT OF CONFIRMATION OF THE PLAN

The effectiveness of the Plan is subject to material conditions precedent, some of this may not be satisfied. See § 10.3(A). There is no assurance that these conditions will be satisfied.

10.1 Discharge of Debtor

Upon confirmation of the Plan, the Debtor shall be discharged from any debt that arose prior to Confirmation, subject to the occurrence of the Effective Date, to the extent specified in Bankruptcy Code § 1141(d)(1)(A), provided, however, that the Debtor shall not be discharged of any debt (1) imposed by the Plan, (2) of a kind specified in Bankruptcy Code § 1141(d)(6)(A) if a timely complaint was filed in accordance with Bankruptcy Rule 4007(c), or (3) of a kind specified in Bankruptcy Code § 1141(d)(6)(B). After the Effective Date your Claims against the Debtor will be limited to the debts described in clauses (1) through (3) of the preceding sentence.

10.2 Modification of Plan

The Debtor may modify the Plan at any time prior to confirmation. However, the Bankruptcy Court may require a new disclosure statement and/or additional voting on the Plan.

The Debtor 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 Bankruptcy Court authorizes the proposed modifications after notice and hearing.

10.3 Consummation of Plan

(A) Conditions Precedent

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 10.3(B) of this Disclosure Statement:

- (1) The Bankruptcy Court shall have entered one or more Orders (which may include the Confirmation Order) authorizing the assumption or rejection of Unexpired Leases and Executory Contracts by the Debtor;

- (2) The Confirmation Order has been entered, has not been reversed, stayed, modified, or amended, and has become a Final Order;
- (3) The Bankruptcy Court shall have entered an Order (contemplated to be part of the Confirmation Order) approving and authorizing the Debtor to take all actions necessary or appropriate to implement the Plan in form and substance reasonably acceptable to the Debtor, which Order shall include provisions for the implementation and completion of all transactions contemplated by the Plan and the implementation and consummation of the contracts, instruments, releases, and other agreements or documents entered into or delivered in connection with the Plan; and
- (4) All other actions, documents, consents, and agreements necessary to implement the Plan shall have been effected, obtained, and/or executed.

(B) Waiver of Conditions

The conditions set forth Section 10.3(A) of this Disclosure Statement may be waived by the Debtor without any notice to other parties in interest or the Bankruptcy Court and without a hearing. The failure of the Debtor to exercise any of the foregoing rights, in his sole discretion, shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

10.4 Notice of Effective Date

Within seven (7) days of the occurrence of the Effective Date, the Debtor or such other party as the Bankruptcy Court may designate in the Confirmation Order shall file a Notice of the Effective Date.

10.5 Retention of Jurisdiction

Pursuant to Bankruptcy Code §§ 105(a) and 1142, the Debtor will request that the Confirmation Order provide that the Bankruptcy Court retains exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan, including, without limitation, the matters described in Article X of the Plan. Notwithstanding the foregoing, the Debtor and any party may agree in writing that the jurisdiction of the Bankruptcy Court shall not be exclusive, but concurrent with other courts of competent jurisdiction.

10.6 Final Decree

Once the Estate has been fully administered, as provided in Bankruptcy Rule 3022, the Debtor or such other party as the Bankruptcy Court may designate in the Confirmation Order shall file a motion with the Bankruptcy Court to obtain a final decree to close the case. Alternatively, the Bankruptcy Court may enter such final decree on its own motion.

11. RECOMMENDATION AND CONCLUSION

It is the Debtor's position that the Plan is substantially preferable to liquidation under chapter 7 of the Bankruptcy Code. Conversion of the Chapter 11 Case to a case under chapter 7 would result in: (i) substantial delays in the distribution of proceeds (if any) available under such alternative; (ii) increased uncertainty as to whether payments would be made to unsecured creditors; and (iii) substantially increased administrative costs.

It is important that you exercise your right to vote on the Plan. It is the Debtor's belief that the Plan fairly and equitably provides for the treatment of all Claims against and Interests in the Debtor. **The Debtor recommends and urges all parties to vote to accept the Plan.**

IN WITNESS WHEREOF, the Debtor has submitted this Disclosure Statement this 22nd day of August, 2016.

/s/ Maury D. Kommor
Maury D. Kommor

/s/ David M. Cantor
DAVID M. CANTOR
SEILLER WATERMAN LLC
Meidinger Tower – 22nd Floor
462 S. Fourth Street
Louisville, Kentucky 40202
Telephone: (502) 584-7400
Facsimile: (502) 583-2100
E-mail: cantor@derbycitylaw.com
Counsel for Debtor, Maury D. Kommor