

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MASSACHUSETTS**

In Re:	)	
	)	
JOSEPH D. JEUDY	)	Chapter 11
	)	Case No. 15-14324 FJB
Debtor	)	
	)	

**DISCLOSURE STATEMENT**

**I. INTRODUCTION**

Joseph D. Jeudy, the Debtor, filed a Chapter 11 petition under Title 11 of the United States Code on November 5, 2015 and since such date has continued in possession of their property as Debtor-In-Possession.

Joseph D. Jeudy, the above-named Debtor (the "Debtor"), submits this statement in accordance with the requirements of 11 U.S.C. Section 1125, and Fed. R. Bankr. P. 3016. Its purpose is to provide a summary of the Plan of Reorganization proposed by the Debtor together with sufficient information so that upon reading its contents you may make an informed decision whether to accept or reject the Debtor's Plan of Reorganization (the "Plan"). The Plan was filed simultaneously herewith.

Portions of the Plan and Disclosure Statement which refer solely to the Plan of Reorganization will be referred to as the "Plan". The Disclosure Statement contains a description of (1) the Debtor, (2) the operations of his commercial real estate business and regular employment, and (3) his expectations for future operations and earnings. It also discusses the valuation of the Debtor's assets and alternatives to the Plan. Also included is a detailed description of the treatment and payment provisions for all creditors of the Debtor.

THE DEBTOR, JOSEPH D. JEUDY, RECOMMENDS THAT YOU VOTE TO ACCEPT THIS PLAN OF REORGANIZATION.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS BUSINESS OPERATIONS OR VALUE OF ITS PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO

SECURE ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR. ALTHOUGH EVERY ATTEMPT HAS BEEN MADE TO PRESENT ACCURATE INFORMATION HEREIN, THE RECORDS KEPT BY THE DEBTOR AND INFORMATION CONTAINED HEREIN ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT ANY INACCURACY.

The Chapter 11 case was entered and is pending in the United States Bankruptcy Court, in the Eastern District of Massachusetts (the "Court"). During the case, the Debtor has maintained his business as Debtor-in Possession under Sections 1107 and 1108 of the Code.

Pursuant to Section 1125 of the Code, this Plan and Disclosure Statement is being sent to all holders of claims against the Debtor so that the Debtor may solicit votes for the Plan and creditors may be provided with information concerning the Plan, the Debtor, and the prospect of future operations. In order for the Court to approve a disclosure statement, it must contain "adequate information", which means "information of a kind and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, that would enable a hypothetical investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan".

## **II. DEFINITIONS**

2.1 Code shall mean Title 11 of the United States Code, included in the Bankruptcy Reform Act of 1978, as amended by the Bankruptcy Act of 2005 and other legislation.

2.2 Confirmation shall mean the date on which this Plan is confirmed by order of the Court.

2.3 Court shall mean the United States Bankruptcy Court for the District of Massachusetts including the United States Bankruptcy Judge presiding herein.

2.4 Effective Date shall mean 10 days following the first business day following the last day on which an appeal from an order of the Court confirming the Debtor's Plan of Reorganization may be taken under applicable law and no such appeal has been taken or, if any appeal has been taken, the first business day following the date upon which all appeals have been exhausted and the Plan may be put into effect, whichever is later as memorialized in a Notice of Effective Date. For purposes of distribution hereunder the phrase "paid upon

the Effective Date” shall mean on the Effective Date or within a reasonable period thereafter so as to allow the writing and mailing of dividend checks.

2.5 Administration Claim. Any cost or expense of administration of the Chapter 11 Case allowed by the Bankruptcy Court and afforded priority in accordance with the provisions of Sections 503 and 507(a)(1) of the Bankruptcy Code, including all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Sections 330 and 331 of the Bankruptcy Code and any Professional Fees incurred by Debtor, through the Effective Date of the respective Plans.

2.6 Allowed Claim. A Claim (a) as listed in the Schedules filed by Debtor (unless designated as contingent, disputed, unliquidated or to which an objection has been filed), (b) as set forth in a properly and timely filed proof of claim filed by a Creditor, as applicable, as to which no objection has been filed on or before the date fixed by Order of the Bankruptcy Court for such objection, (c) determined or deemed to be allowed by Order of the Bankruptcy Court or by agreement of the applicable Creditor and Debtor.

2.7 Bankruptcy Court. The United States Bankruptcy Court for the District of Massachusetts, in which the Chapter 11 Case of the Debtor is pending.

2.8 Bankruptcy Rules. The Federal Rules of Bankruptcy Procedure, as amended from time to time, promulgated by the Supreme Court of the United States, as applicable in these Cases, including the Local Rules of the Bankruptcy Court.

2.9 Bar Date. With respect to any particular Claim, the last day by which a proof of claim may be filed with respect to such Claim, or January 22, 2016.

2.10 Business Day. Any day except a Saturday, Sunday, or other day on which commercial banks located in Massachusetts are authorized by law to close.

2.11 Case. The Chapter 11 case of the Debtor presently pending before the Bankruptcy Court.

2.12 Cash. Legal tender of the United States of America and equivalents thereof. With respect to any payment in Cash provided for under the Plans, Cash shall include checks and wire transfers.

2.13 Cause(s) of Action. All Claims and causes of action now owned or hereafter acquired by Debtor, whether arising under the Bankruptcy Code or other federal or state law, including, without limitation, any cause of action arising under Sections 506(B), 542, 543, 544, 545, 547, 548, 549, 550, 551, 553, 1123, 1129 or any other sections of the Bankruptcy Code.

2.14 Claim. The right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; and the right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

2.15 Claimant. The holder of a Claim against Debtor, as applicable.

2.16 Class. Any group of Claims or Equity Interests classified by the Plan, as applicable, pursuant to Section 1122(a)(1) of the Bankruptcy Code.

2.17 Confirmation Hearing. The hearing (or hearings) at which the Bankruptcy Court shall consider confirmation of the Plan.

2.18 Confirmation Order(s). The Order entered by the Bankruptcy Court confirming the Plan in form and substance satisfactory to this Court, and in accordance with the provisions of the Bankruptcy Code.

2.19 Creditor(s). An Entity or individual as defined in Section 101(15) of the Bankruptcy Code that has an Allowed Claim (i) against Debtor, that arose at the time of or before the Petition Date, or (ii) against the estate of Debtor, as applicable, of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code.

2.20 Current Outstanding Principal Balance. The Current Outstanding Principal Balance shall be the principal balance as of the Effective Date as if and to the extent the respective Debtor made all scheduled payments up to that date. For this purpose the "interest portion" of post-petition payments will be treated as adequate protection payments.

2.21 Debtor. Joseph D. Jeudy.

2.22 Disclosure Statement. The Disclosure Statement of Debtor filed contemporaneously with the Plan, either in its present form or as it may be amended from time to time, and including any exhibits and schedules thereto.

2.23 Disputed Claims. A Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim and includes, without limitation, Claims that (a) have not been scheduled by Debtor, or that have been scheduled at zero, or that have been scheduled as unknown, contingent, unliquidated or disputed, whether or not such Claims are the subject of a proof of claim in the Bankruptcy Court, (b) are the subject of a proof of claim that differs in nature, amount or priority from the Schedules, or (c) are the subject of an objection filed with the Bankruptcy Court which has not been withdrawn or overruled by a Final Order of the Bankruptcy Court.

2.24 Distribution. Any payment to a Creditor in satisfaction of any Allowed Claim, whether in the form of Cash, Equity Interest or other Property of Debtor, as applicable.

2.25 Distribution Agent. Michael S. Kalis, Esq., in the capacity described herein below.

2.26 Distribution Date. The date on which a Distribution is made.

2.27 Effective Date. The date that is the first Business Day after ten (10) days from the Bankruptcy Court's entry of the Confirmation Order confirming the Debtor's Plan, so long as such Confirmation Order is a Final Order.

2.28 Entity. An individual, partnership, corporation, estate, trust or government unit as defined in Section 101(15) of the Bankruptcy Code.

2.29 Estate. The bankruptcy estate of Debtor created by Section 541 of the Bankruptcy Code upon commencement of their respective Chapter 11 Cases.

2.30 Extended Maturity Date. Sixty months after the Effective Date.

2.31 Final Order. A judgment, order or other decree issued and entered by the Bankruptcy Court, which judgment, order or other decree has not been reversed, stayed, or vacated, and as to which the time to appeal from or seek review or rehearing of such other has expired; provided, however, that with respect to the Confirmation Order(s) confirming the Plan, in their sole discretion, may elect to treat order as a Final Order, whether or not an appeal is pending, so long as said Order has not been reversed or vacated, and as to which no stay is then in effect, and in such event the Confirmation Order shall be a Final Order.

2.32 Impaired Class. Any Class of Claims or Equity Interests which is impaired within the meaning of Section 1124 of the Bankruptcy Code.

2.33 Insider. Any person or Entity within the meaning of Section 101(31) of the Bankruptcy Code.

2.34 Loan Documents. The Note, mortgage, Assignment of Rents and any Allonge to Note, or mortgage, modification between Debtor and its lenders, and all other documents included within the definition of Loan Documents in the aforesaid Mortgages.

2.35 Person. A person within the meaning of Section 101(41) of the Bankruptcy Code.

2.36 Petition. The Petition for Relief under Chapter 11 of the Bankruptcy Code initiating the Chapter 11 Case of Debtor.

2.37 Petition Date. The date on which the Petition was filed; that is, November 5, 2015.

2.38 Plans. The Plan of Reorganization for Debtor, either in their present form or as may be amended or modified from time to time, and including any exhibits and schedules thereto.

2.39 Priority Claim. Any Claim against Debtor, as applicable, to the extent such Claim is entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code, other than an Administrative Claim or a Priority Tax Claim.

2.40 Priority Tax Claim. A Claim against Debtor, as applicable, that is of a kind specified in Section 507(a)(8) of the Bankruptcy Code.

2.41 Pro Rata. With respect to any Distribution, the same proportion that the amount of such Allowed Claim bears to the aggregate amount of all Claims of such Class, including Disputed Claims.

2.42 Professional Fees. Any Claim made by professional persons retained in the Chapter 11 Case of Debtor, for compensation and reimbursement of expenses pursuant to Sections 330 and 331 of the Bankruptcy Code.

2.43 Property. Any real or personal property of Debtor, but not limited to, any right, title or interest in real, personal, tangible or intangible property listed on the respective Schedule of Debtor.

2.44 Schedules. The applicable schedules filed in the Chapter 11 Case of Debtor pursuant to the requirements of the Bankruptcy Code, including, without limitation, the Schedules of Assets and Liabilities and Statement of Financial Affairs heretofore filed by Debtor with the Office of the Clerk of the Bankruptcy Court pursuant to Bankruptcy Rule 1007, as they may be amended from time to time.

2.45 Unimpaired Class. Any Class of Claims under the Plan that is not impaired within the meaning of Section 1124 of the Bankruptcy Code.

2.46 Unsecured Claim. Any Claim against Debtor, as applicable, other than Administrative Claims, which is not secured or entitled to priority pursuant to Section 507 of the Bankruptcy Code.

2.47 Unsecured Creditor. Any Creditor holding an Unsecured Claim, including holders of the Unsecured Trade Claims and Unsecured Deficiency Claims.

2.48 Unsecured Deficiency Claim. Any Unsecured Claim in excess of the amount entitled to priority under Section 507 of the Bankruptcy Code that is held by a Creditor with a Priority Claim.

### **III. INTRODUCTION AND OVERVIEW**

Joseph D. Jeudy is an individual residing in Stoughton, Massachusetts. The Debtor owns a residence with his ex-wife, and is a one third tenant in common of commercial real estate on Blue Hill Ave. in Dorchester, MA. Said commercial property is a multi-tenant retail building with 20,675 square feet of rentable space of which 2000 square feet is basement space. The Debtor submits this Disclosure Statement (the "Disclosure Statement") in connection with the solicitation of acceptances of his Plan of Reorganization from his creditors. This Disclosure Statement has been prepared in order to provide creditors with information they need to make an informed judgment about the Plan.

In accordance with the Bankruptcy Rules, the Debtor submits this Disclosure Statement, which includes a summary of the Plan. The Disclosure Statement also explains the procedures for voting for the Plan; discusses confirmation of the Plan; discusses the tax consequences of the Plan; discusses the means for execution of the Plan and the funding of the Plan as well as the financial history and information about the Debtor. The Debtor has also prepared and provided as an exhibit to the Disclosure Statement a liquidation analysis. One of the purposes of the Disclosure Statement is to set forth alternatives to confirmation of the Plan and why those alternatives are not as desirable as the Plan. The Disclosure Statement also gives the Debtor's recommendation of the Plan.

The liquidation analysis shows that the Plan is in the best interest of creditors because the Plan will enable creditors to realize more than they would in liquidation under Chapter 7 of the Bankruptcy Code.

### **IV. THE PLAN**

ONLY A SUMMARY OF THE PLAN IS PRESENTED HERE. A COPY OF THE PLAN IS ATTACHED HERETO AND YOU SHOULD CAREFULLY READ IT.

The Plan is premised on the Debtor's belief that creditors will receive a greater percentage of their claims under this Plan than they would receive under previously filed Plans or upon a forced liquidation.

The Plan divides the claimants against the Debtor into classes. The classes and payments to be made to each class are set forth below. The Bankruptcy Code provides that only impaired classes (as defined in the Bankruptcy Code) are required to vote on the Plan. Class 2, Class 3, and Class 4 Claims are required to vote with respect to the Plan proposed by the Debtor.

The Plan of Reorganization divides all claims against the Debtor into 4 classes as follows:

### **SUMMARY OF THE PLAN**

#### **1) Fees and Expenses of Professionals**

The administrative expenses of the Debtor's Chapter 11 case, allowed pursuant to Section 503(b) of the Code and given priority by virtue of Section 507(a)(1) of the Code, shall be paid in full as finally allowed. Administrative expenses for counsel to the Debtor through Confirmation are estimated by Debtor's counsel to be approximately \$50,000. plus expenses in the approximate sum or \$1,500. Counsel has received a retainer in the sum of \$11,500. plus the filing fee. Debtor's counsel was awarded an interim fee on May 20, 2016, and to date has been paid \$25,884. The Debtor's retainer shall be applied to legal fees after approval of a Final Application for Compensation that was filed on seeking allowance of the sum of \$50,000. approx. in fees and \$1,500. in expenses through November 2016.

The administrative expenses of the Debtor's Chapter 11 case, as allowed pursuant to Section 503(b) of the Code and given priority by virtue of Section 507(a)(1) of the Code, shall be paid in full as finally allowed on or before the Effective Date or on the eleventh day after final allowance whichever is later or in accordance with any agreement between the Debtors and the professionals. There are no agreements at this time.

#### **2) Fees of the United States Trustee/ Post Confirmation Requirements**

Administrative expenses shall include all quarterly fees owing to the U.S. Trustee until the case is closed. They are projected to be not more than \$750.00 owed in quarterly fees to the U.S. Trustee at Confirmation. Pursuant to the provisions of 28 U.S.C. §1930 as amended by Pub.L.No. 104-99 (1996) the Debtor shall provide the United States Trustee with Post-Confirmation monthly operating reports and make quarterly payments of the United States Trustee's fees until the case is closed. The Debtor will be responsible



for timely payment of fees incurred pursuant to 28 U.S.C. §1930(a)(6). Upon the Effective Date the Debtor will file an Application for Final Decree or, the Debtor will serve the United States Trustee with a monthly financial report for each month (or portion thereof) the case remains open. The monthly financial report shall include the following:

1. A statement of all disbursements made during the course of the month, whether or not pursuant to the plan;
2. A summary, by class, of amounts distributed or property transferred to each recipient under the plan, and an explanation of the failure to make any distributions or transfers of property under the plan;
3. Debtor's projections as to its continuing ability to comply with the terms of the plan;
4. A description of any other factors which may materially affect the Debtor's ability to consummate the plan; and
5. An estimated date when an application for final decree will be filed with the Court (in the case of the final monthly report, the date the decree was filed).
6. Upon achieving substantial consummation of the Plan, the Debtor shall file a Motion for a Final Decree to close the case;
7. Upon completion of all of the payments due under the Plan, the Debtor shall move to reopen the case in order to obtain the Debtor's Discharge per 11 U.S.C. §1141 (d)(5);
8. If the Debtor defaults on his obligation to make the payments due under the Plan, the Debtor shall notify the Court and the United States Trustee of such plan payment default by filing a written statement of same with the Court.

### **3) Ordinary Course Business Obligations**

Post-petition claims shall have been paid by the confirmation date except that ordinary expenses will continue to be paid in the ordinary course of business. The Debtor has paid all post-petition obligations in the ordinary course of business and there are no post-petition liabilities due.

**a. Class One Claims - Priority of Governmental Taxing Authorities**

There are no priority obligations owed to any taxing authority or any other entity.

The Debtor has filed all pre and post-petition tax returns and is not liable on any post-petition tax liabilities.

**b. Class Two Claims - SECURED CLAIMS – BAYVIEW LOAN  
SERVICING  
(commercial property)**

**and OCWEN LOAN SERVICING  
(residence)**

1. **Bayview Loan Servicing** – first mortgage on the commercial property located at 1098-1106 Blue Hill Avenue, Dorchester, MA

Bayview Loan Servicing (Bayview) filed a proof of claim indicating the balance due of \$1,209,606.22. Debtor recently requested a payoff figure and received the total due of \$1,257,610.55, with any additional legal fees to be added upon approval of the court. The Debtor presumes a balance of \$1,260,000. approx.. as of this date.

The remaining balance to Bayview of \$1,260,000. will be paid via a revised promissory note with a 30 year amortization at a fixed interest rate of 5%. The monthly payment on the revised note will be \$6,764. (not including taxes and insurance). The source of the repayment of the revised note will be the monthly cash flow from the Dorchester commercial property. Bayview has not agreed in writing to the treatment articulated above.

The Debtor is relying upon 11 USC § 1123 (a) (5) (E) (G) and (H) and 1129 (b) (2) (A) (i) (II).

**The Claim of Bayview is impaired.**

2. **Ocwen Loan Servicing** – first mortgage on Debtor's interest (one third tenant in common) in Debtor's residence at 223 William Kelley Road, Stoughton, MA.

Ocwen Loan Servicing (Ocwen) did not file a proof of claim in Debtor's case. Debtor scheduled the balance due as of the date of filing as \$614,516.01. Debtor assumes the payoff balance due is \$640,000. approximately.

Debtor asserts a fair market value for the property of \$518,857. as of the date of filing.

The claim of Ocwen will be paid by modification of the existing mortgage or a cram down of the balance due to Ocwen.

The remaining balance to Ocwen will be approximately \$519,000. will be paid via a revised promissory note with a 30 year amortization at a fixed interest rate of 3.5% (the revised note). The monthly payment on the revised note will be \$2,335. not including insurance and taxes.

The balance of the Ocwen claim will be treated as an unsecured deficiency claim in accordance with the claimants in Class Four herein.

The source of the repayment of the revised note will be Debtor's income as property manager and as an uber driver along with the contribution of the other owners of the property.

Ocwen has not agreed in writing to the treatment articulated above:

**The Claim of Ocwen is impaired.**

**The Class Two Claimants are impaired.**

**c. Class Three Claims – BIFURCATED CLAIM – TELESTAR FINANCIAL CORPORATION**

This claim is an under secured, disputed secured claim, evidenced by second mortgages on the Debtor's residence at 223 William Kelley Road, Stoughton, MA, and the commercial property located at 1098 – 1106 Blue Hill Ave., Dorchester, MA.

These claims will be subject to a claims objection proceeding, and a Determination of Secured Status under 11 USC § 506. Both of these actions will be initiated prior to the confirmation of Debtor's Plan of Reorganization.

Telestar Financial Corporation (Telestar) filed a proof of claim (#5) indicating a balance due of \$1,740,392.50 on a \$140,000. loan. There is no equity in the Debtor's residence beyond the first mortgage, so the Telestar claim will be treated as an unsecured deficiency claim as it relates to Debtor's residence, and any balance determined by the Court to be due beyond the secured claim of Telestar, will be treated as an unsecured claim as a Class Four claimant once the total amount due Telestar is determined. The

percentage paid to Class Four Claimants will be reduced by the amount of the Telestar unsecured claim as determined by the Courts.

The Debtor recently received an appraisal on the commercial property located at 1098 – 1106 Blue Hill Ave., Dorchester, MA (the property) indicating a maximum sale value of \$1,525,000. for the property. Once the first mortgage claim is deducted from the value, there is a maximum equity value of \$215,000. approx.. in the property which would be payable to Telestar as a secured claimant.

The balance of \$215,000. will be paid via a revised promissory note with a 30 year amortization at a fixed interest rate of 5%. The monthly payment on the revised note will be \$1,208. Alternatively, the Debtor would propose a principal pay down of Twenty Thousand (\$20,000.) Dollars, leaving a balance due of \$195,000. amortized over thirty years at a fixed interest rate of 5%. The monthly payment on this Note would be \$854. The source of the repayment of the revised note will be the monthly cash flow from the Dorchester property.

Telestar has not agreed in writing to the treatment articulated above.

The Debtor is relying upon 11 USC § 1123 (a) (5) (E), (G), (H), and 11 USC 1129 (b) (2) (A) (i) (II), and 11 USC 506 (B), in bifurcating the claim into a partially secured and unsecured claim.

**The Class Three Claimant is impaired.**

**d. Class Four Claims- UNDISPUTED UNSECURED CREDITORS**

Class Four consists of allowed undisputed unsecured claims in the approximate sum \$32,637.56. These claims consist of business debt/ lines of credit and utility claims. The Plan provides for a pro rata distribution to Class Four Claimants in 5 annual installments of the sum of \$3,360. or \$280. per month which will result in an approximate dividend of 51.45%. Each Class Four creditor will receive an annual pro rata share of this amount. Total Distribution over five years will be \$16,800.00. The initial dividend to be distributed on those claims shall be paid on the Effective Date. The remaining installments shall be paid on the anniversary of the Effective Date.

**The Class Four Claimants are impaired.**

**Other Provisions**

1. In order to participate in the distribution under this Plan, a proof of claim had to be filed with the Bankruptcy Court on or before the bar date

established by the Court unless scheduled by the Debtor as liquidated in amount, not disputed and not contingent in which event the claim will be allowed as scheduled.

2. As of the date of confirmation, the property of the estate created under Section 541 of the Bankruptcy Code shall be vested in the Debtor free and clear of any and all claims except as otherwise provided herein or in the order of the Bankruptcy Court confirming the Plan.
3. The Plan provides that any and all unexpired leases and executory contracts, which existed as of the commencement of the Chapter 11 case, will be rejected on the Confirmation Date except those leases and executory contracts that the Debtor elects to assume. The Debtor intends to assume the leases as set forth above. Any person deeming himself injured by such rejection will hold an unsecured Class 2 claim for any damages sustained by reasons of the rejection.
4. The Plan provides for the Court's retention of jurisdiction for specified purposes pending the entry of a final decree closing the Chapter 11 case.
5. The Court shall confirm the Plan if -
  - In a case in which the Debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan -
    - (A) the value, as of the effective date of the Plan, of the property to be distributed under the Plan on account of such claim is not less than the amount of such claim; or
    - (B) the value of the property to be distributed under the Plan is not less than the projected disposal income of the Debtor (as defined in section 1325(B)(2)) to be received during the 5 year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.
6. If the Debtor defaults on his obligation to make the payments due under the Plan, the Debtor shall notify the Court and the United States Trustee of such plan payment default by filing a written statement of same with the Court.

## **V. VOTING REQUIREMENTS**

Each creditor whose claim is in an impaired class will receive with the Plan a form of ballot to be used in the voting to accept or reject the Plan.

Creditors must approve the Debtor's Plan of Reorganization by a vote of a majority in number and two-thirds of the amount of each class of creditors affected by the Plan.

Each creditor is, however, urged to consult with its own counsel in evaluating its claim and in determining how to vote.

## **VI. CONFIRMATION OF PLAN**

A. Feasibility. The Bankruptcy Code requires that in order for the Plan to be confirmed by the Court, the Debtor must show that the Plan is "feasible". A Plan will be considered feasible if the Debtor demonstrates that it is more likely than not that it will be able to perform under the Plan as projected, and that confirmation of the Plan is not likely to be followed by a liquidation or a reorganization. The Debtor has attached projections and cash flow analysis of their performance during the Chapter 11 to demonstrate the viability and feasibility of his Plan.

The Debtor expects to fund all payments required under the Plan from cash he has accumulated prior to the Effective Date and thereafter from the source of income as follows:

Rent paid by the tenants of the Debtor's commercial real estate.

1. The Debtor shall utilize rental income earned from the Dorchester, MA property.

Attached as Exhibit A to this Disclosure Statement are certain detailed financial statements as follows: balance sheet, profit and loss, and actual cash flow (2015 and 2016) and projections. From the income sources described above, the Debtor projects adequate monies to fund the Plan.

- a. The Debtor's overall budget (the "Overall Budget") incorporates income from the Debtor's business. Further, the Overall Budget reflects the Debtor's necessary expenses. Under the Overall Budget, the Debtor has a yearly positive cash flow.

November 2015- August 2016 Actual = - \$2,266.09 (with non-recurring expense)

2017 - Year 1 = \$ 520.  
2018 - Year 2 = \$ 1,817.  
2019 - Year 3 = \$ 2,042.  
2020 - Year 4 = \$ 2,038.  
2021 - Year 5 = \$ 2,138.

**See Exhibit A** – actual cash flow and projected cash flow

The rental income paid to Joseph D. Jeudy and the other owners of the property is enough to fund the annual Plan dividend.

The Debtor has escrowed or provided for the funds necessary to demonstrate the feasibility of its Plan. All funds necessary to pay administrative expenses and the initial dividend to unsecured creditors in Classes Four are currently being held in escrow by Debtor's counsel.

**B. Best Interests of Creditors Equity and Interest Holders.**

To confirm the reorganization Plan over the objections, and any dissenting holders of claims or equity interest, the Bankruptcy Court must make an independent determination that the Plan is in the “best interest” of all dissenting claims and original equity. That is, the Court must find that the Plan provides to each dissenting holder of the claim or original equity, recovery with a value at least equal to the value as of the effective date of what each holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

Based on the Debtor's liquidation analysis attached here as Exhibit B, it is clear that confirmation of the reorganization Plan will provide to each holder of a claim and each holder of an interest, a return greater than what each of those holders would receive pursuant to a liquidation of the Debtor under Chapter 7 of the Bankruptcy Code.

**VII. TAX CONSEQUENCE**

Creditors should consult their own tax advisor to ascertain how distributions to them under the Plan affect them. By way of general guidance, the tax treatment of the receipt of a distribution by a creditor will depend on the nature of the transactions or transactions giving rise to the claims, the creditor's method of accounting and whether the creditor has previously claimed a bad debt deduction with respect to such claim.

**VIII. HISTORY OF THE DEBTORS**

**FACTS:**

The Debtor filed his Chapter 11 petition on November 04, 2015. Since filing, the Debtor has submitted all the required documents to the United States Trustee's Office and has paid all the quarterly fees to date. The Debtor has operated as a debtor in possession and has not accumulated any post-petition liabilities.

In 2005, the Debtor purchased 1360-1366 Blue Hill Avenue, Mattapan, Massachusetts, a commercial building, to conduct his business in Used Auto Sales and Repair, while renting out the additional units. Prior to this the Debtor had owned and operated his own Used Auto Sales and Repair business for 19 years. The Debtor successfully operated this business and was profitable. On or around September 2006 the CVS Pharmacy Corporation approached the Debtor with a very substantial offer to purchase his property to establish one of their locations. A Purchase and Sale Agreement was executed which would have netted the Debtor approximately \$2,000,000. upon closing. In 2007 the City of Boston decided to acquire the Debtor's property through eminent domain. The compensation offered by the city was not sufficient to cover the mortgage attached to the property. As a result, the Debtor was essentially deprived of his property, of a potentially large profit from the CVS Pharmacy deal, and of his business and thus his means of earning a living. Debtor's attorney at the time, who handled the CVS sale, and participated in the eminent domain case, lent him \$140,000. at a usurious interest rate. In exchange for those funds, he signed a mortgage to the Attorney's company, Telestar, that the Attorney presented to him without reading it. When the eminent domain case settled, the attorney took \$30,000. from the settlement.

Had the city of Boston paid what they ended up settling for in the beginning, the Debtor would never have fallen behind and would not have incurred \$250,000. in legal fees and expenses. The stress almost killed him.

The actions of the City of Boston were like "pulling the carpet from under" the Debtor. The Debtor was so adversely affected by the city's actions, that the day they told him they would not pay him, he became physically ill and was admitted to Brigham and Women's Hospital in Boston with internal bleeding. The Debtor's hospital stay lasted approximately one month. Following his recovery, he was forced to initiate a suit against the City of Boston, in an attempt to get the city to pay fair market value for the property they took. This process dragged on for years, further depleting the Debtor's limited financial resources and caused him to accumulate additional debt. Because of the financial situation the Debtor found himself in, he had few sources of money available to him to continue his case against the City. The fight with the City of Boston, just to try and get what the law stipulates, has been difficult, time consuming, and expensive. In desperation for money the Debtor's attorney at the time, Eric Rothenberg/ Telestar Financial, agreed to lend the Debtor \$145,000.00 at a usurious interest rate. In exchange for the funds, the Attorney asked the Debtor to sign a mortgage to his company Telestar Financial. He signed it without reading it. Ultimately, when the eminent domain case was settled, the Attorney took \$30,000. from the proceeds. Neither Attorney Rothenberg or Telestar Financial has even accounted for this \$30,000. they received. In hind sight, the Debtor believes that his attorney disregarded his conflict of interest and the ethical standards of the legal profession and took advantage of the situation for his personal financial gain. Today Mr. Rothenberg's/ Telestar's claim, as filed in this case, is 1.74 million dollars as a loan of \$140,000., upon which \$30,000. was paid.



The Debtor fully understands that the government has the legal right to acquire property for the public's benefit. However, the government is obligated to compensate the private owner for such property that is thus acquired. And the Debtor's limited understanding of the subject is that the standard for compensation is "Fair Market Value" of the property that is taken. In the debtor's case the compensation was far below that standard. Fair market value was established based on what the CVS Corporation had agreed to pay the Debtor, as evidenced in the signed Purchase and Sale Agreement. Nonetheless the City of Boston ignored that fact and made a payment which was only about 45-50% of the then existing mortgage balance on the property. Had the City made a fair market value compensation, or even initially paid what it eventually paid the Debtor after long and expensive litigation, then the Debtor would have been able to appropriately satisfy the mortgage and his other financial obligations at the time. The debtor would not have had to get additional "hard money" loans from Mr. Rothenberg and other individuals. The Debtor would not have had to rely so heavily on his only remaining commercial property, 1098-1106 Blue Hill Avenue, and he would have been able to address and resolve cash flow issues successfully.

1098-1106 Blue Hill Avenue, Dorchester, which the Debtor co-owns with his ex-wife and her sister, became the Debtor's financial life line at this point. Because the Debtor had been deprived of his means of earning a living and additional rental income by the city's taking, he and his family were now totally dependent upon this remaining commercial property for survival. The general downturn in economic conditions of 2007 onward made the Debtor's financial situation much worst. Some units in the building became vacant and the remaining tenants found it increasingly difficult to keep up with their rent payments. In fact their payments of rents became later and later, with some going into arrears for 30 to 60 days. Since there was no other source from which the Debtor could subsidize the rental income to make the mortgage payments on the property, the mortgage payments became late, finally resulting in some missed mortgage payments.

In response to the late and missed mortgage payments, the lender/loan servicer, Bayview Loan Servicing, made demands for payment, and added late charges, and expenses. Eventually Bayview deemed the mortgage as being in default and accelerated the loan. The Debtor was not able to cure the arrearage; hence Bayview finally placed the loan on the foreclosure tract.

1098 -1106 Blue Hill Avenue is the only source of income that the Debtor and his family has. The Debtor's ex-wife operates a children's daycare, Tender Heart Learning Center, from the unit 1098. This employs a significant number of the Debtor's family members, relatives and other employees in the community. This property represents an integral part of the Debtor's life. A foreclosure would mean a financial death-blow, not just to the Debtor but to a number of individuals in his family, and the employees of the Daycare center. Thus, after Bayview indicated that they would go forward with the foreclosure sale of the property, the Debtor felt he had no alternative to save his property but to file bankruptcy. So on November 04, 2015 the Debtor filed Chapter 11.

### **THE FUTURE:**

All the units in the property are currently rented. The Debtor now has consistent rental income. The tenants are paying the agreed monthly rents in a timely manner. The Leases also have provisions for yearly increase to keep the rents in line with the market. The Debtor is current on all post- petition obligations. The Debtor plans to pay the undisputed unsecured creditors 51.45 % of their claims. He will also pay all secured debts via the cram down provisions of the Plan provided for in the Class Two and Class Three Claims.

### **IX. MEANS FOR EXECUTION OF THE PLAN**

The Debtor will have accumulated sufficient funds in order to fund payment of the legal and administrative costs on the confirmation date and to fund the initial dividend under the Plan on the Effective Date.

### **X. FUNDING OF THE PLAN**

Confirmation of the Plan will require that approximately \$30,000.00 will be held in escrow by debtors' counsel. It is estimated that fee applications for counsel to the Debtor will be approved in the approximate aggregate amount of \$50,000.00 plus costs, exclusive of the retainer. The Court must approve all professional fees.

The Debtor has deposited sufficient sums with counsel for the Debtor prior to the confirmation hearing including the initial dividend of \$2,096. to Class 4 creditors which shall be paid on the Effective Date. In addition, outstanding payments, if any, due to the U.S. Trustee at the time of confirmation, shall be paid in full. At the present time all payments due the U.S. Trustee have been satisfied.

### **XI. LIQUIDATION ANALYSIS**

Since the determination of the hypothetical proceeds from the sale of assets in a chapter 7 liquidation is an uncertain process, there can be no assurance that the assumptions employed by the Debtor in determining the liquidation value of their assets will result in an accurate estimation of such liquidation values. The Liquidation Analysis presented herein assumes that all assets of the Debtor would be liquidated in the context of chapter 7 within a one-year liquidation period after conversion of his case to chapter 7. Any assets remaining after the liquidation period are assumed to be auctioned immediately thereafter. The

Debtor believes that unsecured creditors would receive 0% repayment of their Allowed Claims. While the Debtor believes that the assumptions utilized in the Liquidation Analysis are reasonable, the validity of such assumptions may be affected by the occurrence of events and the existence of conditions not now contemplated or by other factors, many of which would be beyond the control of the Bankruptcy Court, the Debtor, and any trustee or trustees. The actual liquidation value of the Debtor would likely vary from the estimates presented herein and such variations may be material.

The Liquidation Analysis annexed as Exhibit B has been prepared by or under the supervision of the Debtor and has not been reviewed by independent certified public accountants or prepared in compliance with published guidelines of the American Institute of Certified Public accountants regarding forecasts and projections or in accordance with generally accepted accounting principles.

The primary hypothetical assumptions underlying the Liquidation Analysis as follows:

1. The Liquidation Analysis assumes that the assets will be sold at 75% of their fair market value.

2. In a liquidation, the estate would incur Trustee fees based upon 3% of gross proceeds disbursed to parties in interest, excluding the Debtors, from asset sales in accordance with section 326(a) of the Bankruptcy Code. Chapter 7 professional fees, under the Liquidation Analysis include legal accounting, broker's fees, and other professional fees, excluding Trustee fees, attributable to the Chapter 7 liquidation.

3. The estimated Allowed Secured and Priority Claims included in the Liquidation Analysis are based upon the proofs of claims filed by the priority claimants. The Liquidation Analysis assumes that distribution of the liquidation proceeds to such creditors will occur in priority order pursuant to the Bankruptcy Code.

## **XII. ALTERNATIVES TO PLAN OF REORGANIZATION**

In evaluating the proposed Plan creditors should consider the liquidation alternative. The Debtor believes that the proposed Plan will produce substantially more than liquidation of the Debtor for the following reasons:

- (a) Immediate liquidation would substantially reduce the value of the Debtor's assets;

(b) Assuming that all secured claims and administrative claims are ultimately allowed by the Court in the amounts scheduled or set forth herein, the liquidation analysis provided below would indicate that general unsecured creditors would receive no dividend at all.

The Debtor believes that if he were liquidated under Chapter 7 of the Bankruptcy Code, creditors would receive less than they would receive under the proposed Plan of Reorganization.

The Schedules filed by the Debtor, and the proofs of claims filed by all creditors, indicate total unsecured obligations of approximately \$124,806.06. It can be readily seen that liquidation of the Debtor would pay nothing to unsecured creditors. The Plan of Reorganization provides for payment of approximately a 51.45 percent dividend to all undisputed unsecured creditors.

### **XIII. DEBTOR'S RECOMMENDATION**

Failing confirmation of the Plan, the Debtor's Chapter 11 case would be converted to a case under Chapter 7 in which a trustee in bankruptcy would be appointed to take charge and liquidate its assets. The Debtor is of the opinion that liquidation would yield a smaller or no distribution for the unsecured creditors than that yielded through its proposed Plan.

The Debtor is firmly convinced that his Plan is in the interest of all creditors. The Debtor strongly urges all creditors to cast their votes in favor of the Plan of Reorganization.

Each creditor is urged to consult with its own counsel in evaluating its claim and in determining how to vote.

Respectfully submitted,

**Joseph D. Jeudy**

Dated: October 7, 2016

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**JOSEPH D. JEUDY**  
**Chapter 11 # 15-14324 FJB**

**LIQUIDATION ANALYSIS**

DESCRIPTION:	AMOUNT:
Commercial Property (Dorchester) *	\$1,525,000.00
Residential Property (Stoughton) *	\$ 519,000.00
Total Real Property Value	\$2,044,000.00
Total Personal Property Value	\$ 3,359.63
Balance in DIP account approx.	\$ 45,000.00
Less:	
Schedule D. Secured Claims	\$3,640,392.50
Schedule E. Priority Claims	\$ 0.00
Schedule C. Exemptions	\$ 21,084.53
Administrative Costs	\$ 50,000.00
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Available to General Unsecured	\$ 0
Total General Unsecured (Undisputed)	\$ 32,637.56
Percent Distribution	0
Details:	
Property from Schedule A.	\$2,044,000.00
Property from Schedule B.	\$ 3,359.63
Unsecured from Schedule F.	\$ 119,666.11

\* Debtor has one third interest