

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
at Greenbelt**

IN RE:

TODD LEE HENNINGS

Case No.: **16-13935**
Chapter 11

Debtor- in-Possession.

DEBTOR'S DISCLOSURE STATEMENT

I. INTRODUCTION

A. Purpose of the Disclosure Statement

Todd Lee Hennings, the Debtor and Debtor-in-Possession herein (collectively the "Debtor"), files this Disclosure Statement (the "Disclosure Statement") with the United States Bankruptcy Court for the District of Maryland, Greenbelt Division, pursuant to 11 U.S.C. Section 1125 in connection with its Plan of Reorganization of even date herewith, (the "Plan"). The purpose of this Disclosure Statement is to provide parties asserting claims against the Debtor with information regarding the treatment of their claims under the Debtor's proposed Plan. More particularly, this Disclosure Statement should provide parties whose claims or interests are impaired under the Plan with adequate information to make an informed and prudent judgment when voting on the Plan.

This Disclosure Statement also sets forth certain information regarding the Debtor's assets, pre-petition history, significant events that have occurred in this Chapter 11 case, and the anticipated organization and operation of the Debtor's business post-confirmation. This Disclosure Statement also describes the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of claims in impaired classes must follow for the votes to be counted.

This Disclosure Statement is not meant to take the place of the Plan. Creditors and interest holders are admonished to read the Plan carefully and to consult with independent legal counsel regarding the Plan.

B. Disclaimer.

All creditors are advised and encouraged to read this Disclosure Statement and the Plan in their entirety before voting to accept or reject the Plan. Plan summaries and statements made in this Disclosure Statement are qualified in the entirety by reference to the Plan and other exhibits annexed to the Plan.

This Disclosure Statement has been prepared in accordance with 11 U.S.C. Section 1125 and **F.R. Bankr. P. 3016(c)**, an not necessarily in accordance with federal or state securities law or other applicable law.

The information contained in this Disclosure Statement is included herein for purposes of soliciting acceptances of the Plan and may not be relied upon for any purpose other than to determine how to vote on the Plan.

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the Debtor's Chapter 11 case, and certain financial information. Although the Debtor believes that the Plan and related document summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents or statutory provisions. Some factual information contained in this Disclosure Statement has been provided by the Debtor and the Debtor's agents, and employees, and the Debtor is unable to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission.

This Disclosure Statement shall not be construed as advice on the tax, securities, or other legal effects of the reorganization as to holders of claims against the Debtor-in-Possession. You should consult independent legal counsel or tax advisors on any questions or concerns respecting tax, securities, or other legal consequences of the Plan.

Certain information contained in this Disclosure Statement is, by its very nature, forward looking and contains estimates, assumptions, and projections that may be materially different from actual future results. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement.

The financial information contained herein has not been audited by a certified public accountant and has not been prepared in accordance with generally accepted accounting principles. The information in this Disclosure Statement is provided by the Debtors and their professionals.

C. Definitions.

The terms and definitions set forth in Article I of the Plan are also applicable to and are used in this Disclosure Statement unless expressly stated otherwise in this Disclosure Statement. You are therefore, urged to refer to the Plan when reviewing this Disclosure Statement.

D. Official Unsecured Creditors Committee.

A Creditors Committee has not been appointed in this case.

II. VOTING AND CONFIRMATION PROCEDURES

The Plan is the method by which the Debtor satisfies the claims of his creditors. Whether the Debtor implements the Plan depends upon the acceptance of creditors and Bankruptcy Court confirmation of the Plan.

A. Creditors Eligible to Vote.

This Disclosure Statement is being transmitted to certain holders of claims against the Debtor. The United States Bankruptcy Code (the "Code") provides that only those classes of creditors whose claims or interests are "Impaired" under the Plan will be entitled to vote on acceptance or rejection of the Plan. Generally, and subject to the specific provisions of 11 U.S.C. Section 1124, a class is Impaired if its legal, equitable or contractual rights attaching to the claims of that class are modified by the Plan. Under the Debtor's Plan, unimpaired classes are deemed to have accepted the Plan pursuant to 11 U.S.C. Section 1126(f). Therefore, the Debtor-in-Possession is not required to solicit the votes of those unimpaired classes. In determining acceptances of the Plan, votes will be counted only if submitted by the holder of an Allowed Claim. Holders of Disputed Claims are not entitled to vote on the Plan unless they request, pursuant to **F.R. Bankr. P.** 3018(a), that the Court temporarily allow their claim in appropriate amounts solely for the purpose of enabling such holders to vote on the Plan.

B. Notice to Certain Holders of Claims.

ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR-IN-POSSESSION ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning the Chapter 11 Case.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors or their Plan. other than the information contained herein.

C. Solicitation Package.

Accompanying the Disclosure Statement, once approved by this Honorable Court, are copies of: (1) the Plan; (2) the notice of, among other things, the time for submitting ballots to accept or reject the Plan, the date, time and place of the confirmation hearing for the Plan, and the time for filing objections to confirmation of the Plan (the "Notice"); (3) a ballot and return envelope to be used by you in voting to accept or reject the Plan; and (4) a projection of income and expenses for the years 2016 through 2026. IF ANY OF THE AFOREMENTIONED ITEMS ARE MISSING, PLEASE CONTACT THE UNDERSIGNED COUNSEL IMMEDIATELY.

D. Voting Procedures, Ballots and Voting Deadline.

After careful review of the Plan, this Disclosure Statement and the detailed instructions accompanying the attached ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot. Please complete and sign your original ballot (copies will not be accepted) and return it in the envelope provided.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NOT LATER THAN THE _____ DAY _____, 2013, BY THE UNDERSIGNED COUNSEL.

E. Confirmation of the Plan

1. Generally.

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the technical requirements of Chapter 11 of the United States Bankruptcy Code and that disclosures by the Proponents concerning the Plan have been adequate and have included information concerning all payments made or promised by the Debtor-in-Possession in connection with the Plan and determined that the Plan had been proposed in good faith and not by any means forbidden by law. Pursuant to **F.R. Bankr. P. 3020(b)(2)**, the Court may do so without receiving evidence of no objection is timely filed.

In particular, the Code requires the Bankruptcy Court to find, among other things, that: (1) the Plan has been accepted by the requisite votes of all classes of Impaired claims and

interests (i.e. two-thirds in dollar amount of allowed claims and greater than one-half in number of allowed claims voting in a class) unless approval will be sought under 11 U.S.C. Section 1129(b) in spite of the dissent of one or more such classes; (2) the Plan is feasible, which means that after confirmation, the Debtor-in-Possession will be able to perform its obligations under the Plan and continue to operate without further financial reorganization of liquidation; and (3) the Plan is in the best interests of the holders of all claims or interests, which means that such holders will receive at least as much under the Plan as they would in a liquidation under Chapter 7 of the Code. The Bankruptcy Court must find that all conditions mentioned above are met before it can confirm the Plan. thus, even if all classes of Impaired claims vote for the Plan, the Court must make an independent finding that the Plan confirms to the Code requirements.

2. Combined hearing on Disclosure Statement and Plan of Reorganization.

Should the Court order that there be a combined hearing on Disclosure Statement and Plan of Reorganization, at that hearing, the Court will consider whether the Disclosure Statement and Plan satisfy the various requirements of the Code, including whether the Plan is feasible and then also receive and consider a ballot report prepared by the Debtor concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote.

3. Recommendation.

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE GREATEST POSSIBLE RECOVERY TO ALL CREDITORS. THE DEBTOR-IN-POSSESSION BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CREDITORS AND RECOMMENDS THAT ALL CREDITORS VOTE TO ACCEPT THE PLAN.

III. HISTORY OF THE DEBTOR-IN-POSSESSION

A. General Background.

The Debtor is 46 years of age, married and the father of two minor children. The Debtor is the Program Manager of RCG and has been employed by RCG for four years. His wife is also employed as Director of Cybersecurity for a governmental agency and has had the same employer for over eight years.

The Debtor had been previously employed by CyberData. Both CyberData and RCG are contractors and had worked together as teaming partners with regard to certain contracts. There

came a time when Debtor left CyberData to work as program manager for RCG. When RCG was the successful bidder on a Treasury Contract CyberData filed suit against the Debtor. As a result of the litigation the Debtor incurred a substantial amount in legal fees. The matter was settled three hours before trial. In full and final settlement of all matters pending between the parties the Debtor agreed to settle the case for the amount of \$30,000.00, \$20,000.00 to be paid immediately and the remainder to be paid in payments over time. Prior to the filing of the above-captioned case, the Debtor paid all but \$3,400.00 of the settlement amount to CyberData.

The Debtor's current employer paid the legal fees incurred by the Debtor as a result of the litigation with CyberData and reflected the payment as bonuses to the Debtor, resulting in a significant federal tax liability to the Debtor of close to \$100,000.00.

In addition to the significant income tax liability to the Internal Revenue Service, the Debtor has substantial student loan debt. These combined liabilities, unresolved, were a threat to the retention of the Debtor's security clearances. For this reason, the Debtor chose to file the above-captioned case with a plan to resolve his outstanding debt issues.

B. Retention of Debtor's Professionals.

1) Attorney Kimberly D. Marshall - On April 29, 2016, the Court approved the retention of Kimberly D. Marshall, Esquire as counsel for the Debtor and the bankruptcy estate.

IV. HISTORY OF CHAPTER 11 CASE

The Debtor filed a voluntary petition under Chapter 11 of the Bankruptcy Code on March 25, 2016. The initial filing was a "bare bones" filing and the remaining Schedules, Chapter 11 Statement of Your Current Monthly Income Form 122B and Statement of Financial Affairs were filed on May 9, 2016. The Section 341 hearing was held on May 16, 2016. The following is a list

of the major events which have occurred in this case since the Petition Date:

1. On April 29, 2016, the Court entered an Order authorizing the employment of Kimberly D. Marshall, Esquire as counsel for the Debtor.
2. On May 9, 2016 the Debtor filed his Summary of Assets and Liabilities, Schedules A/B, C and G-J; Statement of Financial Affairs; and Chapter 11 Statement of Your Current Monthly Income Form 122B.
3. On May 16, 2016, Leander Barnhill, Office of the United States Trustee, Esquire, filed a Non Appointment of Creditors' Committee.
4. The Debtor filed Monthly Operating reports for the Months March through May, 2016, but the Monthly Operating reports required amendment. The March 25, 2016 to April 18, 2016 report has been amended and the Debtor is in process of amending the remaining reports. In addition, Debtor is filing all Monthly Operating reports to bring him current in his filings and that shall be done no later than October 7, 2016.
5. On July 28, 2016 entered an Order Setting Status Conference. The status conference for August 22, 2016.
6. The status conference was held on August 22, 2016 and continued to October 3, 2016 at 11:00 a.m.
7. On October 3, 2016 the Debtor filed a Motion to Determine Interest rate as to creditor Quantum 3 Group LLC as agent for Wollei Acquisitions LLC, the creditor secured by the Debtor's motor vehicle, a 2013 Chevrolet Camaro.

V. VALUE OF THE DEBTORS' ASSETS AND FINANCIAL INFORMATION**A. The Debtor's Assets**

The Debtor's assets and liabilities are more fully shown in the Schedules of Assets and Liabilities (the "Schedules") which the Debtor has filed with the Court. At the time the Schedules were filed, they contained, to the best of the Debtor's knowledge, information and belief, an accurate summary of the Debtor's financial condition. The Debtor's primary assets consist of the following:

1. 2013 Chevrolet Camaro	\$ 18,500.00
(The value set forth herein is per the value set forth in the proof of claim filed by the creditor and not by the value set forth in Debtor's Schedules.)	
2. Household goods and furnishings	\$ 2,010.00
3. Electronics	\$ 150.00
4. Firearms	\$ 600.00
5. Three bows	\$ 250.00
6. Clothing	\$ 300.00
7. Jewelry	\$ 150.00
8. Pets	\$ 125.00
9. Cash	\$ 5.00
10. SunTrust joint account - 1759	\$ 354.86
11. SunTrust joint account - 3202	\$ 431.43
12. 401(k) retirement	\$ 2,000.00
13. Whole life insurance policy - recently purchased	\$ 0.00

B. The Liquidation Value of the Debtor's Assets.

Set forth below is an analysis of the liquidation value of the Debtor's assets as of March 25, 2016:

1. 2013 Chevrolet Camaro	\$ 18,500.00
less lien held by Quantum 3	18,500.00
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NET EQUITY	\$ 0.00
2. Household goods and furnishings	\$ 2,010.00
less cost of sale	201.00
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NET EQUITY	\$ 1,809.00
3. Electronics	\$ 150.00
less cost of sale	15.00
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NET EQUITY	\$ 135.00
4. Firearms	\$ 600.00
less cost of sale	60.00
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NET EQUITY	\$ 540.00
5. Three bows	\$ 250.00
less cost of sale	25.00
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NET EQUITY	\$ 225.00
6. Clothing	\$ 300.00
less cost of sale	30.00
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NET EQUITY	\$ 270.00

7. Jewelry	\$ 150.00
less cost of sale	15.00
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NET EQUITY	\$ 135.00
8. Pets	\$ 125.00
less cost of sale	12.50
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NET EQUITY	\$ 112.50
9. Cash	\$ 5.00
10. SunTrust joint account - 1759	\$ 354.86
11. SunTrust joint account - 3202	\$ 431.43
12. 401(k) retirement	\$ 2,000.00
13. Whole life insurance policy - recently purchased	\$ 0.00
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TOTAL NET EQUITY	\$ 6,017.79
Less Exemptions	\$ 6,017.79
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NET AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS UNDER CHAPTER 7	\$ 0.00

VI. TODD PLAN OF REORGANIZATION

The following is a summary of the Debtor's Plan of Reorganization. This summary should not be relied on for voting purposes. Creditors are urged to read the entire Plan and to consult with their legal counsel to fully understand the Plan. The Plan contemplates Cash Distributions to certain Classes of Claims which are funded by Debtor's income from

employment, the sale of real property and rental income. The “Effective Date” of the Plan is defined as the thirtieth (30th) day after the date in which the Confirmation Order becomes a Final Order, or if an appeal from the Confirmation Order is timely filed, the Effective Date is the thirtieth (30th) business day on which implementation of the Plan has not been stayed pending appeal. The Debtors estimate that assuming there is no stay of the Confirmation Order, the Plan will take effect approximately thirty (30) days after the Confirmation Date.

As described more fully below, the Plan designates the various Classes as “Impaired” or “Not Impaired” Claims. The treatment provided for Allowed Claims under the Plan is in full settlement, satisfaction and discharge of all such claims.

A. Classification and Treatment of Classified Claims In Interests

For purposes of this Plan, Claims and Interests are placed in the following Classes and shall receive the following treatment:

Class I - Secured creditor Quantum3 Group LLC as agent for Wollemi Acquisitions

Class II - Priority claim of the Internal Revenue Service

Class III - Claim of the Commonwealth of Virginia

Class IV - Allowed unsecured creditors

Class I - consists of the claim of Quantum3 Group LLC as agent for Wollemi Acquisitions. This creditor is secured by the Debtor’s 2013 Chevrolet Camaro. The creditor has filed a proof of claim setting forth a claim of \$24,684.64, \$18,500.00 of which is secured. The claimant has set forth an interest rate of 12%. The Debtor is filing a Motion to Determine interest rate. This creditor shall be paid their secured amount of \$18,500.00 at an interest rate of 6%. This creditor shall be paid the amount of \$364.42 per month for a period of 60 months on its secured

claim. The payments to this creditor shall commence on the 30th day following the date of the final order of confirmation. The unsecured portion of this creditor's claim shall be treated as a Class IV claim as more fully set forth herein.

Once Quantum3 is paid its secured portion of its claim it shall release its lien. **THIS CLASS IS IMPAIRED.**

Class II - consists of the priority claim of the Internal Revenue Service. The claimant has set forth a priority claim in the amount of \$100,067.69. In full and final satisfaction of the priority claim of the Internal Revenue Service, hereinafter referred to as the "Service", the Service shall be paid the amount of \$1668.00 per month for a period of 60 months. The payments to this creditor shall commence on the 30th day following the date of the final order of confirmation.

THIS CLASS IS IMPAIRED.

Class III - consists of the claim of the Commonwealth of Virginia, hereinafter referred to as "Virginia." This creditor has filed a claim in the total amount of \$8802.55, \$7752.25 of which is a priority claim and the remainder an allowed unsecured claim. In full and final satisfaction of the priority claim of Virginia, the Debtor shall pay to Virginia the amount of \$130.00 per month for a period of 60 months. The payment to this creditor for its priority claim shall commence on the 30th day following the date of the final order of confirmation. The remainder of Virginia's claim, the allowed unsecured portion of \$1050.30 shall be treated as a Class IV claim as more fully set forth herein. **THIS CLASS IS IMPAIRED.**

Class IV - Allowed Unsecured Claims. The allowed unsecured creditors, in full satisfaction of any and all liability owed to them, shall share, pro rata, in the total amount of \$144,700.00. The payments to this class of creditors shall be in the amount of \$2,165.00 per

month for a period of 67 months. The payments to this class of creditors shall commence on the 61st month following the date of final order of confirmation.

B. Claims and Interests Not Classified

Administrative Claims: The Plan contemplates that Allowed Administrative Claims for professional fees, as allowed by the Bankruptcy Court, shall be paid in full on the Effective Date of the Plan, unless otherwise agreed by the Claimants. The Debtor is aware of Administrative Claims in the approximate amount of Thirty Thousand Dollars (\$30,000.00).

Administrative Claims consisting of ordinary operating expenses incurred by the Debtor in the ordinary course of business shall be paid in accordance with the terms and conditions of any agreements relating thereto.

C. Other Provisions of the Plan.

The Plan contains other provisions consistent with the requirements of Chapter 11 of the Bankruptcy Code, including provisions for the resolution of Disputed Claims, treatment of executory contracts and leases, the effect of Confirmation, modification of the Plan, and the Bankruptcy Court's retention of jurisdiction.

1. Disputed Claims Procedure. The Debtor-in-Possession must file objections to Claims on or before sixty (60) days after the Effective Date. The Debtor-in-Possession will hold sufficient amounts in reserve to pay, in accordance with the Plan provisions, the Disputed Claim as if such Disputed Claim were allowed in full. When a Disputed Claim is resolved, the Debtor-in-Possession shall pay the holder of the Disputed Claim the amount held in reserve which shall be commensurate to the pro rata payments made on Allowed Claims for the particular class of Claim. The Debtor-in-Possession shall have the authority, but not the obligation, to settle

Disputed Claims without seeking additional Court authority of approval.

2. Executory Contracts and Unexpired Leases. The Debtor has the right, subject to Bankruptcy Court approval, under Section 365 of the Bankruptcy Code, to assume or reject any Executory Contracts or Unexpired Leases entered into before the filing of the Petition.

Any damage Claim resulting from a rejection is treated as a General Unsecured Claim to the extent that such Claim is allowed by the Bankruptcy Court. The Debtor does not anticipate any rejection claims.

3. Post Confirmation Trustee Fees. Until such time as the Chapter 11 Case is closed, dismissed, or converted to one under chapter 7 of the Bankruptcy Code, the Debtors shall report their disbursements for each calendar quarter to the United States Trustee and shall timely pay all fees set forth in 28 U.S.C. Section 1930. For the purposes of this provision, disbursement includes all expenditures made by the Debtors, whether pursuant to this Chapter 11 Plan or otherwise.

4. Effect of Confirmation. Upon the Effective Date, and subject to the provisions of the Plan, the Debtor may dispose of and encumber its property free of any restrictions of the Bankruptcy Code or the Bankruptcy Court.

Any Order of Confirmation supercedes any other Orders entered by the Court in this Bankruptcy Case.

5. Modification of the Plan. Modifications to the Plan may be proposed in writing by the Debtor at any time before or after Confirmation provided that the Plan, as modified, meets the requirements of Section 1127 of the Bankruptcy Code. Section 1127 allows modifications to be filed before Confirmation as long as the Plan, as modified, meets the requirements of Bankruptcy

Code Section 1122 (Classification of Claims and Interests) and Section 1123 (Contents of the Plan). Modifications after Confirmation require notice and the opportunity for a hearing. Any holder of a Claim or Interest that has accepted or rejected a Plan is deemed to have accepted or rejected, as the case may be, such Plan as modified, unless within the time fixed by the Court, such holder changes its previous acceptance or rejection.

6. Retention of Jurisdiction. The Plan provides that from and after the Confirmation Date, the Bankruptcy Court shall retain and have exclusive jurisdiction over the Debtor's Chapter 11 case for the purpose of determining all disputes and other issues presented by or arising under the Plan, including, without limitation:

(a) determining any and all objections to the allowance of Claims or Interests, including amendments to the Debtor-in-Possession's Chapter 11 Schedules, which objections shall be filed with the Bankruptcy Court only by the Debtor-in-Possession and not later than ninety (90) days from the after the Effective Date;

(b) determining any and all disputes arising under or relating to the Plan;

(c) determining any and all applications for allowance of compensation and reimbursement of expenses arising out of or relating to the case or any Claims;

(d) determining any and all pending applications for rejection of executory contracts and unexpired leases and the allowance of any Claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan;

(e) determining any and all applications, adversary proceedings, and contested and litigated matters commenced in connection with the case before or after the Confirmation Date, including any proceeding to avoid any pre-petition unperfected security interest in property of the

Debtors-in-Possession and proceedings concerning the Debtors-in-Possession's executory contracts and unexpired leases;

(f) modifying any provision of the Plan to the full extent permitted by the Bankruptcy Code;

(g) correcting any defect, curing any omission or reconciling any inconsistency in the Plan, the exhibits to the Plan or the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan;

(h) determining such other matters as may be provided for in the Confirmation Order or as may from time to time be authorized under the provisions of the Bankruptcy Code or other applicable law;

(i) enforcing all orders, judgments, injunctions and rulings entered in connection with the bankruptcy case

(j) entering such orders as may be necessary or appropriate in the aid of confirmation and to facilitate in proper consummation and implementation of the Plan; and

(k) considering any act concerning the compromise and settlement of any Claim or cause of action by or against the Debtors-in-Possession's estate.

THE FOREGOING CONSTITUTES ONLY A SUMMARY OF THE ESSENTIAL PROVISIONS OF THE PLAN. HOLDERS OR CLAIMS ARE ADVISED TO REVIEW THE PLAN CAREFULLY.

VII. TAX CONSEQUENCES OF PLAN TO THE DEBTOR AND CLAIMANTS

This section is intended only to highlight certain Federal Income Tax aspects of the Plan involving the Debtors and does not purport to be an analysis of or advice regarding tax matters

relevant to a decision to accept the Plan.

IN VIEW OF THE COMPLEXITIES OF THIS TRANSACTION AND THE FACT THAT NEITHER RULINGS FROM THE INTERNAL REVENUE SERVICE NOR OPINIONS OF COUNSEL HAVE BEEN REQUESTED OR OBTAINED WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN, THERE CAN BE NO ASSURANCES THAT THE TAX CONSEQUENCES SET FORTH HEREIN WILL RESULT.

A. Possible Tax Effect on Debtor-in-Possession.

In the event that the Plan provides that the Debtor-in-Possession make payments to the Allowed Class Claimants that are less than the full sum due and owing each Allowed Claimant. Such reduced payments coupled with the discharge of such indebtedness would normally result in taxable income to the Debtor-in-Possession. However, the bankruptcy tax laws provide that a debt discharge is not includable in gross income of a Debtor-in-Possession where the debt discharge occurs in a Title 11 case.

The bankruptcy tax law defines a Title 11 case to mean a case under Title 11 of the United States Code (relating to bankruptcy), but only if the taxpayer is under the jurisdiction of the court in such case, and the discharge of indebtedness is granted by the court or is pursuant to a plan approved by the court. Any discount in the amount owed to Class Claimants by the Debtor will be allowed only if the Plan is approved by the Bankruptcy Court. As a result, any discharge arising from the discount approved by the Bankruptcy Court constitutes a discharge in a Title 11 case which is not to be included in income for federal income tax purposes by the Debtor. Instead, the amount of discharged debt that is excluded from gross income will be applied to reduce certain tax attributes of the Debtor.

B. Possible Tax Effects on the Creditors of Todd Lee Hennings

Since the tax consequences for each creditor will depend to a considerable extent upon its particular situation, the Debtors suggest that each creditor review the entire Plan and this Disclosure Statement with their accountant or tax counsel to best determine the effect of the Plan on it.

VIII. FINANCIAL STATEMENTS

A. Forecasted Statement of Operating Cash Flow From Projections.

The Debtor anticipates that he will be able to make plan payments based upon the continued employment of the Debtor.

A projection of income and expenses reflecting the ability to fund the plan will be submitted within seven days of the filing of the Debtor's Disclosure Statement and Plan.

B. Alternatives to the Plan.

The Debtor believes that the Plan provides creditors with the greatest possible value that can be realized on their Claims. The principal alternative to the Plan is liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. The Debtor believes that his creditors will receive more if the Plan is confirmed than if the Debtor's bankruptcy case is converted to a Chapter 7 bankruptcy case for the reasons outlined at Section V. The Debtor's Plan provides for the sale of certain real property that is owned by the Debtor with his non-filing spouse as tenants by the entirety. This equity in this property would not be available to the creditors of the Debtor only, which constitutes the majority of the unsecured liability in this case. The Debtor's spouse has agreed to turnover her equity in any property that is sold under the terms set forth herein.

IX. “BEST INTEREST” OF CREDITORS

Notwithstanding acceptance of the Plan by creditors, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interest of all Classes of Claims and Interests. The “best interest” test requires that the Bankruptcy Court find that the Plan provides to each member of each Impaired Class of Claims or Interests a recovery which has a present value that is at least equal to the present value of the distribution which each class member would receive from the Debtor’s estate if the estate were instead liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date. **The Debtor believes that the Plan is in the best interest of all creditors and passes the above test.**

Creditors will receive more under this Plan as they would if this case were to be converted to a case under Chapter 7 of the Bankruptcy Code and the assets were liquidated by a Chapter 7 Trustee. Under Chapter 7 of the Bankruptcy Code, the Trustee would incur costs to the bankruptcy estate in liquidating the Debtor’s non-exempt assets, such as real estate commissions. The Debtor would also incur administrative expenses in the nature of Chapter 7 trustee fees imposed by Section 326 of the Code and administrative expenses necessary for the trustee and his/her counsel to become familiar with this case. A more complete analysis of the liquidation value of the Debtor’s property is set forth above.

X. CONCLUSION

The Debtor submits that the Plan complies in all respects with Chapter 11 of the Bankruptcy Code and recommends that holders of Claims and Interests, who are entitled to vote

on the Plan, vote to accept the Plan.

Respectfully submitted,

/s/ Todd Lee Hennings

Debtor

/s/ Kimberly D. Marshall ,

Kimberly D. Marshall, Esquire

603 Post Office Road

Suite 209

Waldorf, MD 20602

(301) 893-2311

somdbankruptcy@aol.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Certificate of Service; Disclosure Statement and proposed Chapter 11 Plan were served October 3, 2016, electronically to those recipients authorized to receive a Notice of Electronic Filing by the Court, and/or first class mail, postage prepaid, to:

Leander D. Barnhill, Esquire
U.S. Department of Justice
Office of the United States Trustee
6305 Ivy Lane
Suite 600
Greenbelt, MD 20770

and all those interested persons listed on the attached mailing matrix.

/s/ Kimberly D. Marshall
Kimberly D. Marshall