

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN-SOUTHERN DIVISION**

In Re:

Case No. 17-32058

Genesis Total Healthcare LLC,

Chapter 11

Hon. Daniel S. Opperman

Debtor(s).

**FOURTH AMENDED  
JOINT PLAN AND DISCLOSURE STATEMENT OF GENESIS TOTAL  
HEALTHCARE LLC**

Genesis Total Healthcare LLC, the above-referenced Debtor, and Debtor-In-Possession, Judith Ekong, (the “Debtor”), hereby submit this Disclosure Statement pursuant to §1125(b) of Title 11 of the United States Code (the “Bankruptcy Code”).

**DEFINITIONS AND TERMS**

For the purposes of the Plan, to the extent not otherwise provided herein, the following terms shall have the meanings ascribed to them below. Unless the context otherwise requires, any term used in the Plan and not defined elsewhere in the Plan, but that is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning set forth therein. Wherever from the context it appears appropriate, each term stated in either of the singular or the plural shall include both the singular and the plural. Pronouns stated in either the masculine, feminine or neutral gender shall include all of the masculine, feminine and neutral gender. The words “herein,” “thereof,” “hereto” and “hereunder” and others of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. Accounting terms not otherwise defined herein will have the meaning ascribed to the pursuant to generally accepted accounting principles.

1. “Administrative Claims” shall mean the costs and expenses of administration of this Chapter 11 case allowed under §503(b) of the Bankruptcy Code that are entitled to priority under §507(a)(1) of the Bankruptcy Code, including, without limitation, the actual necessary costs and expenses of preserving the Debtor’s estates under 28 U.S.C. §1930 from the petition date through the confirmation date. Administrative Claim shall not include any interest earned on a secured claim during the period from the petition date through the effective date.
2. “Administrative Creditor” means any creditor entitled to payment of an Administrative Claim.
3. “Allowed” shall mean, when used with respect to a claim or equity interest, any such claim or equity interest, proof of which was filed before the bar date, listed by the Debtor in its schedules as liquidated in amount and not disputed or contingent, allowed under the Plan, or allowed pursuant to a final order of the Bankruptcy Court. Notwithstanding the preceding sentence, for purposes of this section, a claim or equity interest shall not be allowed unless: a) with respect to a claim, such claim is currently due and payable; and b) with respect to either a claim or equity interest i) no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Federal Rules of

Bankruptcy Procedure or the Bankruptcy Court, or ii) to the extent an objection has been interposed, such claim or equity interest has been allowed, in whole or in part, by a final order. For purposes of determining the amount of an allowed claim, there shall be deducted therefrom an amount equal to the amount of any claim which the Debtor may hold against the Holder thereof, to the extent such claim may be set off pursuant to applicable law. Unless otherwise specified therein or by order of the Bankruptcy Court, an allowed claim shall not, for purposes of distribution under the Plan, include interest on such allowed claim from the petition date.

4. “Assets” shall mean property of the Estate, including, without limitation, all property and the proceeds thereof in or to which the Debtor or the Estate has a legal or beneficial interest and all rights to such property and all rights, claims, causes or choices in action to which the Debtor or the Estate might now have or become entitled.
5. “Avoidance Actions” means all claims granted the Debtor-In-Possession or a trustee under §510 and 544-553 of the Code.
6. “Ballot” shall mean the form transmitted to the holders of claims and equity interests with the Plan and Disclosures Statement on which they may vote to accept or reject the Plan pursuant to Fed.R.Bankr.P. 3018 and §1126 of the Bankruptcy Code.
7. “Bankruptcy Code” or “Code” shall mean Title 11 of the United States Code as now in effect or as amended.
8. “Bankruptcy Court” shall mean the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division, or such other Court having jurisdiction over the Debtor’s Chapter 11 case.
9. “Bankruptcy Rules” or “Rules” shall mean the Federal Rules of Bankruptcy Procedure, as amended, and the local rules of the Bankruptcy Court as amended.
10. “Bar Date” shall mean the last day of filing proofs of claim on account of any and all claims against the Debtor.
11. “Business Day” shall mean any day except Saturday or Sunday or any other day on which commercial banks in the State of Michigan are authorized or required by law to close.
12. “Case” means the case currently pending before the Bankruptcy Court.
13. “Cash” shall mean legal tender of the United States of America an cash equivalents, including checks.
14. “Chairperson” shall have the meaning ascribed to that term in the Plan.
15. “Claim” shall mean any claim as that term is defined in §101(5) of the Bankruptcy Code, including, without limitation, Administrative Claims, Priority Non-Tax Claims, Priority Tax Claims and Unsecured Claims.

16. “Committee” means the Official Committee of Unsecured Creditors, appointed by the U.S. Trustee’s Office, as amended from time to time.
17. “Confirmation Date” shall mean the date upon which the confirmation order is entered by the Bankruptcy Court.
18. “Confirmation Hearing” shall mean the hearing before the Bankruptcy Court in accordance with §1128 of the Bankruptcy Code to consider confirmation of the Plan.
19. “Confirmation Order” shall mean the Order entered by the Bankruptcy Court pursuant to §1129 of the Bankruptcy Code confirming the Plan.
20. “Creditor” shall mean a person that has a claim against the Debtor.
21. “Debtor” shall mean Genesis Total Healthcare LLC and or GTHC.
22. “Disputed Claim” means any claim or portion of a claim which is not an Allowed Claim and which has not been disallowed pursuant to a final order.
23. “Disclosure Statement” shall mean the Disclosure Statement (and all exhibits and schedules annexed thereto and referenced therein) that relates to the Plan and that was approved by the Bankruptcy Court pursuant to §1125 of the Bankruptcy Code.
24. “Distribution Date” shall mean:
  - a. As to any allowed claim or equity interest as of the effective date, the business day designated by the Debtor as the day upon which distributions will be made in accordance with this Plan which shall be no earlier than the effective date and no later than the fifth business day after the effective date, or when sufficient funds become available; or,
  - b. As to any disputed claim which becomes an allowed claim after the effective date, the fifth business day following such disputed claim becomes an allowed claim, or when sufficient funds become available.
25. “Effective Date” shall mean:
  - a. If no stay of the confirmation order is in effect, the first day after the later of:
    - i) 10 days after the date of entry of the confirmation order; or ii) the date on which the conditions set forth herein are satisfied; or,
  - b. If a stay of the confirmation order is in effect, the first day after the later of:
    - i) the date such stay is vacated or any appeal, rehearing, remand, or petition for certiorari is resolved in a manner that does not reverse or materially modify the confirmation order, or ii) the date on which the conditions set forth herein are satisfied.
26. “Equity Interests” shall mean the interests of all shareholders of the Debtor.

27. “Estate” shall mean the estate created pursuant to §541 of the Bankruptcy Code upon the commencement of the Debtor’s Chapter 11 case or as supplemented by avoidance recoveries or recoveries on claims.
28. “Executory Contracts” shall mean any contract or unexpired lease to which the Debtor is a party, which is capable of being assumed or rejected pursuant to §365 of the Bankruptcy Code.
29. “Fee Claim” shall mean a claim of a professional for compensation for services rendered or for reimbursement of expenses pursuant to §327, §328, §330, §331 and/or 503(b) of the Bankruptcy Code in connection with an application made to the Bankruptcy Court in the Debtor’s Chapter 11 case.
30. “Final Order” shall mean an order or a judgment which has not been reversed, stayed, modified or amended and as to which the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing is pending.
31. “Holder” shall mean the record owner of any claim or equity interest.
32. “Impaired” means a claim or an interest treated under this Plan, unless the Plan:
  - a. Leaves unaltered the legal, equitable, and contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest; or,
  - b. Notwithstanding any contractual provision or applicable law that entitles the holder of such claim or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default -
    1. Cures any such default (other than defaults relating to i) any penalty interest rate or provision arising from a non-monetary default by the Debtor ii) the solvency or financial condition of the Debtor or iii) the commencement of this Case) that occurred before or after the commencement of the Case;
    2. Reinstates the maturity of such claim or equity interest as such maturity existed before such default;
    3. Compensates the holder of such claim or equity interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; and,
    4. Does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles its holder;

33. “Insider” shall have the meaning set forth in the Bankruptcy Code.
34. “Liens” means any security interest, lien, tax lien, mortgage, encumbrance, common law or statutory lien of any kind or nature whatsoever. “Liens” shall be defined as and interpreted in as broad a manner as possible.
35. “Person” shall mean an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, an association, a joint stock company, an estate, a trust, any unincorporated organization, a governmental unit or any political subdivision or agency thereof of any other entity.
36. “Plan” shall mean this Chapter 11 Plan, either in its present form or as it may be altered, amended or modified from time to time.
37. “Petition Date” shall mean the date on which the Debtor filed its voluntary petition for relief commencing its Chapter 11 case.
38. “Priority Non-Tax Claim” shall mean any claim entitled to priority under §507(a)(3) or (4) of the Bankruptcy Code.
39. “Priority Tax Claim” shall mean any claim entitled to priority under §507(a)(8) of the Bankruptcy Code.
40. “Pro Rate” shall mean the proportion that an Allowed Claim bears to the aggregate amount of Allowed Claims in the class to which the Allowed Claim belongs.
41. “Professional” shall mean any professional retained by the Committee or the Debtor pursuant to order of the Bankruptcy Court during the Chapter 11 proceeding or any professional retained by the Committee or Debtor post-petition.
42. “Proponent” shall mean the Debtor.
43. “Schedules” shall mean the schedules of assets and liabilities filed by the Debtor with the Bankruptcy Court in accordance with §521(1) of the Bankruptcy Code and Fed.R.Bankr.P 1007, together with any and all amendments thereto.
44. “Secured Claim” shall mean a claim that is supported by a security interest (as that term is defined in §101(51) of the Bankruptcy Code), but only to the extent of the value of the asset(s) which collateralize such security interests.
45. “Security Deposit Claim” shall mean a claim on account of a tenant security deposit for which the Purchaser did not assume liability pursuant to the Agreement, whether or not such claim or any portion thereof is entitled to priority under §507(a)(6) of the Bankruptcy Code.
46. “Unsecured Claim” shall mean any claim that is not a secured claim, an administrative claim, a priority claim or a tax claim.

**ARTICLE I  
THE PLAN OF REORGANIZATION**

Judith Ekong, the Debtor-In-Possession, proposes, recommends and solicits acceptance of the following Plan of Reorganization by all persons entitled to vote.

**A. Introduction and Overview**

**1. Purpose of Disclosure Statement**

All capitalized terms, unless defined in this Disclosure Statement, shall have the meaning ascribed to them as defined above, unless the context indicates a different meaning. The Debtor submits this Disclosure Statement and Plan of Reorganization (the “Plan”) pursuant to §1125 of the Bankruptcy Code, 11 U.S.C. §101 et seq., to all known holders of a claim against it. The Debtor has filed this Disclosure Statement to disclose information deemed by it to be material and necessary for Creditors to make a reasonably informed decision in exercising their right to vote for the acceptance of the Plan.

**2. Source of Information**

The Disclosure Statement has been prepared from information furnished primarily by the Debtor, Debtor’s counsel has not conducted an independent investigation to verify such information. In addition, certain creditors or other interested parties may have inserted additional language in the Disclosure Statement as a condition to consenting to preliminary approval of the Disclosure Statement. Certain materials contained in this Disclosure Statement are taken directly from other readily accessible documents or are digests or summaries of other documents. While every effort has been made to retain the meaning of such documents or portions of documents that have been summarized, the Debtor urges that any reliance on the contents of such documents be dependant upon a thorough review of the documents themselves. In the event of a discrepancy between the Disclosure Statement and the actual terms of a document, the actual terms of such document shall govern and apply. The statements contained in this Disclosure Statement are made as of the date hereof, unless another time is specified. Neither the delivery of this Disclosure Statement nor any exchange of rights made in connection with it shall, under any circumstances, create an implication that there has been no change of the facts set forth herein since the date of this Disclosure Statement.

**NO PERSON OR ENTITY HAS BEEN AUTHORIZED BY THE DEBTOR OR THE COURT TO GIVE ANY INSTRUCTIONS OR MAKE ANY REPRESENTATIONS CONCERNING THE DEBTOR, ITS FINANCIAL AFFAIRS, OR THE VALUE OF ITS PROPERTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS, PROMISES OR INDUCEMENTS, PARTICULARLY REGARDING DEBTOR’S PROPERTY OR FUTURES INCOME, MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN, WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, SUCH REPRESENTATION, INDUCEMENTS AND/OR PROMISES, IF ANY, SHOULD BE REPORTED TO COUNSEL FOR DEBTOR WHO, IN TURN, SHALL DELIVER SUCH INFORMATION FOR SUCH ACTION AS THE COURT MAY DEEM APPROPRIATE.**

**B. The Plan of Reorganization**

**1. Administrative Expenses**

- a. The Debtor estimates, for purposes of this Disclosure Statement and proposed reorganization, administrative expenses for legal fees in the amount of Thirty thousand and no/100 Dollars (\$30,000.00). George E. Jacobs & Bankruptcy Law Office was not paid a retainer.
- b. Deborah Fish has been appointed medical ombudsman by Court Order. She estimates her fees at eight thousand dollars (\$8000.00).

( All professional fees and expenses are subject to approval of the Bankruptcy Court following notice and hearing).

**2. Priority Pre-Petition Tax and Other Priority Claims**

- a. IRS/Class II - Debtor owes priority tax claim of \$177,296 to the IRS.  
Treatment of claim - The priority tax claim of the IRS shall bear interest at 4.5% and be paid in 54 equal monthly installments of \$3100 commencing 180 days from confirmation.
- b. State of Michigan/Class III - Debtor owes priority tax of \$28,433 to the State of Michigan.

Treatment of claim - The priority tax claim of the State of Michigan shall be paid interest at 4.5% and be paid in 54 equal monthly installments of \$507.00 commencing 180 days from confirmation.

**3. Secured Claims**

**A. Secured Claims/Class III**

This claim consists of the secured claim of Ally Financial in the amount of \$15,000. This claim is secured by Debtor's 2016 Jeep Cherokee.

**Treatment of Claim**

This claim is not impaired. The Debtor shall make monthly payments of \$650 as required by the contract between the parties.

**4. Unsecured Claim/Class V**

This claim consists of unsecured creditors owed \$414,000.

**Treatment of claims.** These creditors will be paid twenty percent (20%) of their claims and be paid over five (5) year period in monthly payments with the first pro rata distribution due 30 days from confirmation. Attached as Exhibit “A” to this plan is a list of unsecured creditors and the monthly payment each creditor will receive as the result of this plan. Per the code the payment of unsecured creditors per this provision acts as a new formal contract between the Debtor and each unsecured creditor individually.

**ARTICLE II**  
**DESCRIPTION OF THE DEBTOR**

A. **DESCRIPTION OF DEBTOR’S BUSINESS, BACKGROUND, AND HISTORY**

The Debtor provides in-home medical care services to patients throughout Genesee County. It has a staff of 30 full and part time employees consisting of registered nurses, licensed practical nurses, certified nursing assistants and social workers.

The Debtor in possession is Judith Ekong who is a registered nurse and who runs the day to day operation of the Debtor. Judith and her husband Benson are the sole shareholders. The Debtor also employs a director of nursing who acts as a supervisor.

The company, which was formed in 2003 gets most of his patients as referrals from local hospitals, local doctors and from nursing homes. The company normally has between 120 and 140 patients at any given time.

B. **CAUSE OF CHAPTER 11 FILING**

The Debtor was forced to file chapter 11 for two main reasons:

1. Benson Ekong, one of the shareholders of the corporation, formerly operated a now defunct ambulance company. Prior to its cessation of operating it was common place for the ambulance company to borrow funds from Genesee Total Healthcare LLC to keep operating. Because the ambulance company was a complimentary business to Genesess Total Healthcare the Debtor believed it was in the best interest of Genesee Total Healthcare to make these transfers. Unfortunately, this caused serious defaults by the Debtor to the IRS, State of Michigan and other creditors.



2. On September 7, 2017 judgment creditor, Metro Community Development, a local non profit caused a freeze on the Debtor's bank account. This freeze, obtained on the eve of payroll, crippled the company.

Faced with mounting tax liabilities and the seizure of it's bank account the Debtor was forced to file this Chapter 11.

### ARTICLE III

#### POST-PETITION EVENTS OF SIGNIFICANCE

- A. Post-petition Transfers Outside the Ordinary Course of Business  
No transfers of any nature have occurred outside the debtor's ordinary course of business post-petition.

1. Post-Petition Financing.

The Debtor has not obtained new or additional financing since the petition date.

2. Litigation Arising or Continuing During the Case.

No litigation has occurred post-petition.

3. The U.S. Trustee sought the appointment of a medical ombudsman to oversee patient care issues post petition. Attorney Deborah Fish was appointed and has filed several reports with the Court. Each of these reports has found no problems with patient care.

**Article IV**

**LIQUIDATION ANALYSIS**

**Liquidation Analysis**

1.	<u>Valuation of Assets, and securing claims</u>	
	A.	Cash & Cash Equivalents      \$60,500
	B.	Office Equipment                      \$2000
	C.	Machinery & Equipment              \$1500
	D.	Inventory                                  \$500
	E.	Accounts receivable                  \$167,325
	F.	Vehicles                                    \$25,000
		Total Assets                              = 256,825

2.      **Distribution of Proceeds of Assets in the Event of Distribution**

A.	Proceeds available	\$256,825
	secured claims	(\$15,000)
	administrative claims	(\$38,000)
	Priority tax claims	<u>(\$205,729)</u>
	=Net proceeds	\$0.00

B. Proceeds available to unsecured creditors

Based on the this liquidation analysis, general unsecured creditors could expect to receive 0.00% of claims upon liquidation of debtors assets while this plan proposes to pay general unsecured creditors 20% of their claims.

7.      **Risk, Conditions and Assumptions Regarding the Stated Values**

The liquidation analysis was based upon information available at the time it was prepared. The Debtor makes no warranties or representations by the liquidation analysis. Further, qualifications may be set forth directly on the liquidation analysis which is attached hereto and incorporated herein. All amounts of claims listed are either from the Debtor's schedules, which were prepared from the Debtor's records and from court documents including proofs of claim, motion filed by creditors or other evidences of indebtedness.

8. **Potential Claims and Causes of Action**

The Debtor is not aware of any viable preference claims or other avoidance actions that it may pursue. The Debtor expects no claim objections.

*The Estate.* Following the effective date, all assets of the Estate shall revert to the Debtor and shall be administered by the Debtor.

*Administration of Assets.* Upon confirmation of the Debtor's Plan, the Debtor shall have the authority to sell, mortgage, convey, transfer and hypothecate whatever assets it deems prudent and may incur debt. The Debtor may sell or assign causes of action, avoidance actions, and claims.

*Distributions.*

- a. The Debtor shall make the distributions pursuant to the provisions of the Plan to the holders of allowed claims and allowed equity interests.
- b. Distributions of cash required by this Plan may be made by check mailed by postage pre-paid, first class mail, unless otherwise agreed.

9. **Financial Information**

The information contained in this Disclosure Statement has not been subject to a certified audit. The information has been compiled from the court records and records of the Debtor and is true and accurate to the best of the Debtor-In-Possession's knowledge, information and belief.

- a. Pre petition the Debtor has operated a net profit for each year it has been in business. In years past it gross sales reached as high as \$200,000 per month. For the past 3 years monthly grosses (and corresponding patient counts) have leveled off at an average of \$150,000 per month. It was the unfortunate siphoning off of profits by the shareholders other businesses (no longer operating) that caused the problems leading to this case.
- b. Post petition the Debtor has operated at a small loss. This loss is the result of many factors to wit;
  1. The Debtor was required to move locations as it lost its lease. While it's monthly costs for physical plant did not change with the move, it experienced one time moving costs which effected profitability.
  2. The Debtors operations are very labor intensive. As such, for two months each year it has 3 payrolls instead of 2. One of those 3 payroll months occurred shortly after the case was filed. This resulted in a large loss for that month. When all six months are incorporated into Debtor's financials, profitability in an amount necessary to fund this plan is reached. These labor intensive months are accounted for in the projections.

3. The first quarter of each year reflects lower than anticipated receipts as most of Debtor's income comes from insurance companies. An explanation from the Debtor was filed with its January 2018 financials and is available for creditors to review.
4. Gross sales post petition have nearly mirrored those experienced by the Debtor for the past 24 months and have averaged between \$125,000 and \$150,000 and near equal patient count of 125 patients per month.

10. **Projection of Income and Expenses for the Period of the Plan**

A projection of the Debtor's future income and expenses for the Plan is attached as Exhibit "A". The projections attached as Exhibit "A" extend through 2022.

The numbers used to prepare the projections were obtained by an analysis of prior years numbers the Debtor's estimate of growth for the future, and the performance of the Debtor post petition.

As can be seen by the projections attached to the Plan of Reorganization and Disclosure Statement, the Debtor has the ability to meet the obligations set forth by the Plan. The Plan contemplates monthly payment obligations while the projections reflect profitability on an ongoing basis in excess of the amount necessary to meet the plan obligations.

11. **Summary of Payment Required Under the Plan on a Monthly Basis of the Payment of Administrative Expenses**

- A. Priority Claims  
IRS \$3000  
State of MI \$506
- B. Secured Claims  
Ally Financial \$650
- C. Unsecured Creditors  
Net monthly payment \$1438

**PLAN PAYMENT=\$5694 per month**

12. **Post-Confirmation Management**

Judith Ekong shall continue to manage the business post confirmation. Judith Ekong shall submit 100% of her time to the operation of the business.

13. **The Ramifications for the Continuing Entity if the Plan is Confirmed**

*To Debtor.* Pursuant to the Bankruptcy Tax Act, no negative tax ramifications will thereafter occur.

*To Creditors.* The tax consequences to each Creditor resulting from confirmation of the Plan may vary depending upon each Creditor's particular circumstances. Debtor recommends that creditors or holders of claims obtain independent tax counsel to advise them as to the tax consequences of the Plan.

**ARTICLE V**  
**LEGAL REQUIREMENT RELATING TO CONFIRMATION OF THE PLAN**

A. **Voting Procedures**

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a Plan are classes of claims or equity interests that are impaired under the Plan. Accordingly, classes of claims or equity interests that are **not** impaired are not entitled to vote on the Plan.

Creditors that hold claims in more than one (1) impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one (1) class and who has not been provided with sufficient ballots may photocopy the ballot received and file multiple ballots.

Votes on the Plan will be counted only with respect to claims: a) that are listed on the Debtor's schedules of assets and liabilities **other** than as disputed, contingent or unliquidated; or b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proof(s) of claim (except for certain claims expressly excluded from that bar date or which are allowed by court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the court allowing such claim for voting purposes pursuant to 11 U.S.C. §502 and Bankruptcy Rule 3018.

Voting on the Plan by each holder of a claim or equity interest in an impaired class is important. After carefully reviewing the Plan and Disclosure Statement, each holder of such a claim or equity interest should vote on the enclosed ballot either to accept or to reject the Plan, and then return the ballot by mail to the Debtor's attorney by the deadline previously established by the Court.

Any ballot that does not appropriately indicate acceptance or rejection of the Plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the Debtor's attorney.

**B. Acceptance**

The Bankruptcy Code defines acceptance of a Plan by an impaired class of claims as acceptance by the holders of at least two-thirds (2/3) in dollar amount, and more than one-half (1/2) in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a Plan by an impaired class of equity interests as acceptable by holders of at least two-thirds (2/3) in number of the equity interests of that class that actually cast ballots. If no creditor or equity interest holder in an impaired class votes, then that class has not accepted the Plan.

**C. Confirmation**

11 U.S.C. §1129(a) establishes conditions for the confirmation of a Plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.

Among the several conditions of a Plan under 11 U.S.C. §1129(a) are these:

1. Each class of impaired creditors and equity interests must accept the Plan.
2. Either each holder of a claim or equity interest in a class must accept the Plan, or the Plan must be provided at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

**D. Modification**

The Debtor reserves the right to modify or withdraw the Plan at any time before confirmation.

**E. Effect of Confirmation**

If the Plan is confirmed by the Court:

1. Its terms are binding on the Debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the Plan.
2. Except as provided in the Plan:
  - A. In the case of a corporation that is reorganizing and continuing business:
    1. All claims and equity interests will be discharged.
    2. Creditors and shareholders will be prohibited from asserting their claims against or equity interest in the Debtor or its assets.

- B. In the case of a corporation that is liquidating and not continuing its business:
1. All claims and equity interests will be discharged.
  2. Creditors and shareholders will be prohibited from asserting their claims against or equity interests in the Debtor to its assets.
- C. In the case of an individual or husband and wife:
1. Claims will be discharged, except as provided in 11 U.S.C. §523 and 727(a).
  2. Creditors will be prohibited from asserting their claims except as to those debts which are not discharged or dischargeable under 11 U.S.C. §523 and 727(a).

**ARTICLE VI**  
**CONCLUSION**

The matters set forth above are intended to be descriptive and explanatory and no representations nor warranties are made herein. Each creditor should review the Plan in detail. This Disclosure Statement is not intended to be a statement of the legal rights of the creditors or interested parties to whom this Disclosure Statement is mailed. Each recipient is cautioned to read this Disclosure Statement and plan carefully and to consult, to the extent necessary or desirable, with legal or financial consultants in assessing and making decisions with respect to the Plan and Disclosure Statement.

Respectfully submitted,

BANKRUPTCY LAW OFFICE

Dated: 3/28/18

/s/ George E. Jacobs

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