

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

MIKE FARRELL'S DETROIT
WRECKER SALES, LLC,

Chapter 11
Case No. 17-53308-mar
Hon. Mark A. Randon

Debtor.

**DISCLOSURE STATEMENT FOR
DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION**

PREPARED BY:

MICHAEL E. BAUM (P29446)
KIM K. HILLARY (P67534)
SCHAFFER AND WEINER, PLLC
40950 Woodward Avenue, Suite 100
Bloomfield Hills, MI 48304
(248) 540-3340
Counsel for Debtor

This Disclosure Statement is being submitted for approval but has not been approved by the Bankruptcy Court. This is not a solicitation of acceptance or rejection of the Plan. Acceptance or rejection may not be solicited until a disclosure statement has been approved by the Bankruptcy Court either on a preliminary or final basis. The information in this Disclosure Statement is subject to change. This Disclosure Statement is not an offer to sell any securities and is not soliciting an offer to buy any securities.

DISCLOSURE STATEMENT

I. INTRODUCTION AND OVERVIEW

A. PURPOSE OF DISCLOSURE STATEMENT

All capitalized terms not defined in this Disclosure Statement shall have the meaning ascribed to them in the Debtor's attached Plan of Reorganization (the "Plan"), unless the context indicates a different meaning.

Debtor submits this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code, 11 U.S.C. §§ 101 et seq., to all known holders of a Claim(s) against it. Debtor has filed the Plan with the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division, a copy of which accompanies this Disclosure Statement.

Debtor provides this Disclosure Statement to its Creditors 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.

B. SOURCE OF INFORMATION

The Disclosure Statement and the Plan have been prepared from information furnished primarily by the Debtor. Debtor's counsel has not conducted an independent investigation to verify such information.

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 DEBTOR OR THE COURT TO GIVE ANY INSTRUCTIONS OR MAKE ANY REPRESENTATIONS CONCERNING DEBTOR OR ITS FINANCIAL AFFAIRS, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATIONS, PROMISES OR INDUCEMENTS 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.

C. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors and equity interest holders. In addition to permitting the rehabilitation or liquidation of a debtor, another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor's assets.

{00705404.1}

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a debtor-in-possession.

The consummation of a plan of reorganization is the principal objective in a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a Chapter 11 plan of reorganization by the Bankruptcy Court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor.

After a Chapter 11 plan of reorganization has been filed, the holders of claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, however, § 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan.

The Debtor is submitting this Disclosure Statement to holders of Claims against, and equity Interests in, the Debtor to satisfy requirements of § 1125 of the Bankruptcy Code.

II. DESCRIPTION OF DEBTOR

A. THE DEBTOR-IN-POSSESSION

On September 22, 2017, (the "Petition Date"), Mike Farrell's Detroit Wrecker Sales, LLC (the "Debtor") filed a Voluntary Petition under Chapter 11 of Title 11 of the United States Code, §§101 et. seq. in the United States Bankruptcy Court for the Eastern District of Michigan, Case No. 14-41985. This Case was assigned to the honorable Mark A. Randon. Upon filing the Chapter 11 petition, the Debtor became a "Debtor-in-Possession", as that term is understood in the Bankruptcy Code.

The Debtor operates out of a 38,000 square foot facility located at 19303 W. Davison Street, Detroit, MI 48223 (the "Facility"). Debtor's primary business is the manufacture and sale of high quality, customized wrecker equipment, including flatbeds and wheel lifts, and forklift attachments. The four primary pieces of equipment that the Debtor manufactures and sells are its Low Loader, Devastator, Gladiator, and Lil Hercules.

- Low Loader - The Low Loader is Debtor's top of the line car carrier. It is the lowest load angle rollback carrier on the market. Its innovative design uses a forklift platform that transforms the load capacity and angle capability of the bed.
- Devastator - The Devastator is another flatbed offering most of the Low Loader's attributes at a lower price.
- Gladiator - The Gladiator is Debtor's top of the line wheel lift. Its unique design allows for implementation in pickup trucks.

{00705404.1}

The Gladiator is the strongest and most capable self-loader on the market.

- Lil Hercules – The Lil Hercules is another extraordinary wheel lift designed for pickup trucks touted as “the strongest light-duty wheel lift on the planet.”

In addition to equipment sales, Debtor also maintains an online store for the purchase and sale of parts and wrecker attachments. Debtor does not maintain a significant inventory of the parts offered for sale, but instead purchases and drops the parts to the customer after receipt of an order. Finally, the Debtor services and repairs towing equipment for various customers.

Debtor employs a total of twelve individuals (“Employees”). The Debtor has ten employees that are compensated on an hourly basis, and two salaried employees (i) Mike Farrell – as president, (ii) Laura Farrell – as Vice President of Customer Service & Finance.

B. DEBTOR’S PRINCIPALS AND MANAGEMENT

1. Background.

Since the Petition Date, Michael Farrell and Laura Farrell (the “Farrells”) have been the primary individuals responsible for the Debtor’s operations. Michael Farrell is the Debtor’s President and Laura Farrell is the Debtor’s Vice President of Customer Service & Finance. A summary of the backgrounds of Michael and Laura Farrell are set forth below.

Michael Farrell

Michael Farrell is the Debtor's President. He grew up in the towing industry and has a lifetime of experience with towing equipment. He started the Debtor in 2006, and grew the business into a company with annual gross revenues of over \$3 million in 2016. He has an incredible passion for the uniqueness of the products and services provided by the Debtor and is dedicated to producing a quality and long-lasting product for its customers. Michael Farrell has experience in welding, truck sales and parts and service management. Prior to joining the Debtor, Michael Farrell owned and operated his own flooring company for four years, where he handled all sales, billing, material purchases, and managed the work crews.

Laura Farrell

Laura Farrell attended Baker College with a Board of Regents scholarship for 2 years and majored in accounting. Laura Farrell opened her own dance studio, L.A. Dance, Inc. in 1998, and has operated this studio for twenty years. Laura Farrell is currently employed full time with the Debtor where she handles all of the Debtor's accounts receivable/payable, orchestrates the customer jobs, handles employee payroll and organizes the Debtor's day to day activities. She is proficient in Quickbooks, Quickbooks Point of Sale, Microsoft Word, Excel, WordPerfect.

2. **Compensation.**

As a result of the employee restructuring that took place in the two months prior to the Debtor's bankruptcy filing, Michael Farrell's compensation has been in flux – with compensation ranging during the 2017 calendar year from \$0 to \$1,500 per week. In addition to his wages, the Debtor has historically paid for Michael Farrell's health, dental and disability insurance, and has provided him with a cellular telephone and vehicle which are necessary to his position as the Debtor's only outside sales person.

As a result of the employee restructuring that took place in the two months prior to the Debtor's bankruptcy filing, Laura Farrell's compensation has been in flux – with compensation ranging during the 2017 calendar year from \$0 to \$1,200 per week. Laura Farrell has not received any other compensation or benefits.

3. **Legal Relationship Between Principals and Debtor.**

Michael Farrell owns all of the outstanding membership interest in the Debtor. Laura Farrell is married to Michael Farrell, but does not have an ownership interest in the Debtor.

4. **Future Principals of the Debtor and Compensation.**

The Debtor expects that Michael Farrell and Laura Farrell will continue in their current positions for the foreseeable future. Upon confirmation of the Debtor's Plan, the Debtor anticipates that Michael Farrell's compensation package

{00705404.1}

will include a gross annual salary of \$78,000, plus health, dental and disability insurance. The Debtor anticipates that it will continue to provide Michael Farrell with a cellular telephone and vehicle which are necessary to his ability to serve as the Debtor's only salesman. Upon confirmation of the Debtor's Plan, the Debtor anticipates that Laura Farrell's will receive an annual salary in the amount of \$56,000 with no other benefits.

C. DESCRIPTION OF DEBTOR'S BUSINESS AND CAUSES FOR CHAPTER 11 FILING

1. Debtor's Primary Assets.

The Debtor's primary asset is its going concern value - and its ability to complete its works in process and generate additional sales. The Debtor's raw materials and unfinished products are worth substantially less in their current form than they are upon completion and sale. Furthermore, the Debtor's ongoing operations have the potential to generate profits which are far more valuable than the Debtor's equipment and personal property.

In addition to its going concern value the Debtor owns approximately \$11,500 in raw materials, \$21,520 in metal fabrication and other equipment, and \$14,200 in specialty tables and cabinets, tools and accessories.

2. **Causes of Bankruptcy Filing.**

A. **Operational Mismanagement**

In January of 2014, the Debtor hired Lee Dunn to serve as its General Manager and industrial engineer. As Debtor's General Manager and process engineer, Mr. Dunn was responsible for providing the Debtor with engineered drawings, managing the Debtor's manufacturing processes, inventory and product deadlines, pricing Debtor's manufactured products, handling Debtor's finances and hiring and firing employees.

The Debtor paid Mr. Dunn \$1,850 per week for his services. In addition, and at Mr. Dunn's direction, the Debtor employed the following individuals to assist Mr. Dunn in carrying out his duties:

1. Zack Whatcott was employed as an assistant to Lee Dunn. The Debtor paid Mr. Whatcott \$800 a week for his services;
2. Tyler Fiore was employed part time as an assistant to Lee Dunn. The Debtor paid Mr. Fiore approximately \$300 a week for his services;
3. Cody Laframboise was employed as an assistant to Lee Dunn. The Debtor paid Mr. Laframboise roughly \$800 per week for his services;
4. Heidi Smith was employed to assist Lee Dunn with bookkeeping. The Debtor paid Ms. Smith \$600 per week for her services.

Accordingly, prior to its bankruptcy filing, the Debtor was paying a total of approximately \$4,350 in *weekly* payroll to Mr. Dunn and his team of assistants.

On July 6, 2017, without any warning, Lee Dunn failed to report to work and refused all further contact with the Debtor or its principals. Immediately after Mr. Dunn's unexpected departure, the Farrells began to quickly realize that the Debtor was in a financial crisis. The Debtor's bank account had a dismal balance and the Debtor did not have sufficient funds available to pay payroll on the July 7.¹

After addressing the Debtor's immediate payroll crisis, the Farrells took a closer look at the Debtor's finances and came to realize that the Debtor was drowning in payroll expenses, paying an average of \$20,000 per *week* for employee payroll. The Debtor was overstaffed and employees were allowed – if not encouraged - to work unlimited overtime. The Farrells immediately took steps to cut the Debtor's payroll by (i) instituting a policy that drastically reduced the incidence of employee overtime, (ii) terminating Mr. Dunn's hired bookkeeper, (iii) terminating two of Mr. Dunn's three assistants, (iv) terminating three individuals that were employed to provide general labor, and (v) terminating a welder that was making an elevated rate of \$32.50 per hour. As a result of these adjustment, the Farrells cut the Debtor's weekly payroll expense almost in half by reducing it from roughly \$20,000 per week to \$11,500 per week.

¹ The Debtor was ultimately able to pay its payroll several days late to all of its employees except the Farrells who did not receive compensation from the Debtor for several weeks in July and August.

Furthermore, the Farrells learned that the Debtor's manufactured equipment was not being properly priced. The Debtor's overhead, including payroll, was not being factored into the price of its products. As a result, the Farrells learned that the Debtor had actually lost money on many of its previous equipment sales. To remedy this problem, the Farrells began implementing more accurate methods to track profit margins which has allowed it to more appropriately price its equipment and has eliminated employee overtime.

B. Ongoing Litigation

Since 2015, the Debtor has been saddled with expensive and time-consuming litigation with Richard Farrell, the father of Debtor's owner, Michael Farrell ("Farrell Litigation"). In addition to the Farrell Litigation, the Debtor has been sued by various other creditors and is also involved in the defense of a product liability lawsuit for a tow hook that the Debtor sold, but did not manufacture, service or install.

The Farrell Litigation and various other lawsuits have caused the Debtor to amass significant legal fees which the Debtor is unable to pay, and have added to the Debtor's inability to continue its operations without bankruptcy protection.

III. POST-PETITION EVENTS OF SIGNIFICANCE

A. POST-PETITION TRANSFERS OUTSIDE THE ORDINARY COURSE OF BUSINESS

The Debtor has operated in the ordinary course of business. Any transactions that are outside of the ordinary course of business require approval from the Bankruptcy Court. Debtor has made no post-petition transfers outside the ordinary course of business other than as disclosed herein.

B. CHAPTER 11 EVENTS AND ORDERS

1. Employment of Professionals.

On September 22, 2017, the Debtor filed its Application for Authority to Hire Schafer and Weiner, PLLC, as counsel to the Debtor and Debtor-in-Possession [DN. 7].

2. Meeting of Creditors.

The Debtor's section 341 Meeting of Creditors is currently scheduled to occur on October 23, 2017.

3. Order Establishing Deadlines and Procedures.

The Court has entered an Order for Initial Chapter 11 Status Conference [DN. 31], scheduling the Debtor's initial status conference for October 23, 2017. The Debtor anticipates that the Court will issue a scheduling order after the initial status conference.

4. Cash Collateral.

On the Petition Date, the Debtor filed *its First Day Motion for Entry of an Interim and Final Order Authorizing Debtor to (A) Use Cash Collateral, (B) Grant Security Interests and other Adequate Protection under 11 U.S.C. §§105, 361 and 363(e), and (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001* [DN. 12]. The Court entered an order granting Debtor's Interim Use of Cash Collateral on September 28, 2017 [DN. 34], and a final order granting Debtor's use of cash collateral on October 18, 2017.

5. Post-Petition Secured Financing.

The Debtor has not sought authority for post-petition secured financing.

6. Litigation Involving the Debtor.

a. *Richard J. Farrell d/b/a Detroit Wrecker Sales, Inc. et al. v. Mike Farrell's Detroit Wrecker Sales, LLC et al.*, Case No. 15-005368-CZ, Wayne County Circuit Court. Removed to United States Bankruptcy Court for the Eastern District of Michigan on September 22, 2017, Adv. Pro. Case No. 17-04678.

b. *Markel Insurance Company et al. v. Western Sling Company, Mike Farrell's Detroit Wrecker Sales, LLC et al.*, Case No. 16-153169-NP, Oakland County Circuit Court.

c. *Michigan Sandblasting, Inc. v. Mike Farrell's Detroit Wrecker Sales, LLC et al.*, Case No. 16-004575-CB, Wayne County Circuit Court.

d. *Prime Insurance Company v. Mike Farrell's Detroit Wrecker Sales, LLC*, Case No. 170903723, Third Judicial District Court of Salt Lake County, State of Utah.

IV. ASSETS AND LIABILITIES

A. LIQUIDATION ANALYSIS

The Debtor's Liquidation Analysis is attached as Exhibit 1.

In the event that the Plan is not accepted by the Creditors or is not otherwise confirmed by the Bankruptcy Court, the Debtor believes that GSC and Cooper Lane (each defined below) (the "Secured Lenders") will foreclose their liens and foreclose their interest in the Debtor's facility and personal property. In that event, Cooper Lane would receive payment of \$115,909.33 from a sale of the real estate, and GSC would receive the value of the Debtor's personal property on liquidation – which the Debtor anticipates would be significantly less than the amount owed to GSC. Unless the real estate is sold at foreclosure sale for more than the Cooper Lane debt, then all other creditors, including administrative claims, priority creditors, trade vendors and unsecured creditors would receive nothing. If the real estate were sold at auction for more than the Cooper Lane debt, then the amount in excess of the Cooper Lane debt would be used first to pay allowed Administrative

{00705404.1}

Claims (estimated to be \$106,500) and then to pay Priority Creditors (owed \$87,725.72). The Debtor does not believe that unsecured creditors would receive a distribution if the Debtor's assets are liquidated.

B. RISKS, CONDITIONS AND ASSUMPTIONS IN LIQUIDATION ANALYSIS

The Debtor has estimated the fair market value and the forced sale value to determine the value of its assets. The risks, conditions and assumptions are estimations by the Debtor and its management based upon their collective experience in the market. Additional risks, conditions and assumptions are described in the Liquidation Analysis.

C. CAUSES OF ACTION

Debtor reserves the right to collect all accounts receivable and all other amounts due Debtor for any reason whatsoever (whether owed to Debtor pursuant to contract rights, quasi contract, tort law, refund rights, deposits, or for any other reason). The Debtor reserves all setoff and recoupment rights of all kinds. The Debtor reserves the right to commence Avoidance Actions. Accordingly, the Debtor may have potential causes of action and reserves its right to bring a lawsuit against any entity listed on Debtor's Schedules (as filed with the Bankruptcy Court) as owing a debt to the Debtor, and any entity listed on their Statement of Financial Affairs (as filed with the Bankruptcy Court) as having received a transfer from the Debtor. More specifically, and without waiving any other claim, the

{00705404.1}

Debtor may seek to avoid from any direct or indirect transferee, (i) under § 547 of the Code, any transfer of an interest of the Debtor in property which occurred within 90 days of the Petition Date, or, for insiders of the Debtor, within one year of the Petition Date; (ii) under § 544(a) and § 545, any liens asserted against the Debtor, (iii) under §§ 544(b) and § 548, any actual or constructive fraudulent transfers or obligations, and (iv) under § 549, any unauthorized post-petition transactions.

The Debtor generally reserves any and all potential causes of action to recover accounts receivable, to enforce contractual obligations, or to otherwise enforce and protect their rights. The Debtor has not investigated all potential causes of action and cannot make any representation concerning their value.

D. SECURED CLAIMS

GSC Industries, LLC (“GSC”) is claiming a first priority security interest in Debtor’s personal property pursuant to a Promissory Note and Security Agreement providing the Debtor with a revolving line of credit in exchange for an all asset lien on the Debtor’s property (“Credit Line”). On the Petition Date, the balance owing on the Credit Line was approximately \$158,708.27.

Cooper Lane Mortgages, LLC (“Cooper Lane”) is claiming a first priority mortgage lien on the Debtor’s facility pursuant to a Promissory Note and recorded Mortgage and Security Agreement, pursuant to which Debtor granted Cooper Lane

{00705404.1}

a mortgage on the Facility to secure amounts owed under the promissory note (“Mortgage Loan”). On the Petition Date, the balance owing on the Mortgage Loan was approximately \$115,909.

E. PRIORITY CLAIMS AND ADMINISTRATIVE EXPENSE CLAIMS

The Debtor anticipates that all Allowed Priority Claims will be paid in accordance with the Plan. The Debtor estimates that the total of all Allowed Priority Claims is approximately \$82,725.72. A list of the Debtor’s Priority Creditors is on file with the Bankruptcy Court.

The Debtor anticipates that all of its other Administrative Claims will be paid in the ordinary course. The Debtor estimates its total amount of Administrative Claims at approximately \$106,750.

F. NON-PRIORITY UNSECURED CLAIMS

The Debtor estimates that Unsecured Creditors are owed approximately \$694,756.76. A listing of the Debtor’s Unsecured Creditors is on file with the Bankruptcy Court.

F. GUARANTEED DEBT

None of the Debtor’s obligations to its creditors are guaranteed by any other person or entity.

V. IMPLEMENTATION OF PLAN

A. FINANCIAL INFORMATION

1. **Pre-Petition Financial Summaries.** The Debtor has attached as Exhibit 2, financial summaries relating to the three fiscal years prior to the Petition Date (2014, 2015 and 2016). These documents summarize the Debtor's financial history prior to the commencement of Debtor's Chapter 11 Case.

2. **Post-Petition Financial Summaries.** The Debtor has attached as Exhibit 3, summaries of its financial performance during this Chapter 11 Case. These documents summarize the financial condition relating to the Debtor's post-petition operations. The source of this summary is the Debtor's books and records. Furthermore, the Debtor has attached as Exhibit 4, its summary of post-confirmation financial projections for the life of the Plan.

B. TAX RAMIFICATIONS

1. **To Debtor.** The Debtor believes that the forgiveness of indebtedness which may result from a discharge granted by the confirmation of the Plan will not result in a significant tax consequence to the Debtor. The forgiveness of indebtedness, pursuant to the Internal Revenue Code, can be applied either to the Debtor's basis in its assets or to its net operating loss carry forward. The Debtor cannot accurately determine the amount and extent of any forgiveness of indebtedness. First, the Debtor must determine if all of the Claims that have been

{00705404.1}

filed, or deemed filed within this Case, are accurate. Also, depending on whether the Debtor achieves or exceeds the projection in its current fiscal year, the Debtor may elect to apply any forgiveness of a debt in this directly to its basis. Despite the fact that the Debtor believes that it can either (a) apply such forgiveness of indebtedness to its net operating loss carry forward or (b) to its basis, it is not expected that the amount of forgiveness of debt will be totally offset by the foregoing. However, once these net operating losses are used by the Debtor to offset forgiveness of indebtedness, they cannot be used again. Taxes paid by the Debtor in the future years would, therefore, be impacted as a result of confirmation of the Plan.

2. **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.

VI. LEGAL REQUIREMENTS

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 interest, that are impaired

under the plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the plan.

Creditors that hold claims in more than one 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 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 proofs 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 Interest in an impaired class is important. After carefully reviewing the Plan and Disclosure Statement, each Holder of such a Claim or Interest should vote on the enclosed ballot either to

{00705404.1}

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 in dollar amount, and more than one-half 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 acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or 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 for confirmation of a plan under 11 U.S.C. §1129(a) are these:

1. Each class of impaired creditors and interest must accept the Plan, as described in paragraph VI.B, above.
2. Either each holder of a claim or interest in a class must accept the Plan, or the Plan must provide 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 and in 11 U.S.C. §1141(d):
 - a. In the case of a corporation that is reorganizing and continuing business:
 - i. All Claims and Interests will be discharged.
 - ii. Creditors and shareholders will be prohibited from asserting their Claims against or Interest in the Debtor or its assets.
 - b. In the case of a corporation that is liquidating and not continuing in business:

- i. Claims and Interests will not be discharged.
- ii. Creditors and shareholders will not be prohibited from asserting their Claims against or Interests in the Debtor or its assets.

Signatures on Following Page

**MIKE FARRELL'S DETROIT
WRECKER SALES, LLC**

By: /s/ Michael B. Farrell
Michael B. Farrell

Its: President

PREPARED BY:

SCHAFFER AND WEINER, PLLC

/s/ Kim K. Hillary
MICHAEL E. BAUM (P29946)
KIM K. HILLARY (P67534)
Attorneys for Debtor
40950 Woodward Ave., Suite 100
Bloomfield Hills, MI 48304
(248) 540-3340
khillary@schaferandweiner.com

Dated: October 23, 2017

EXHIBIT

1

MIKE FARRELL'S DETROIT WRECKER SALES, LLC

LIQUIDATION ANALYSISA. ASSETS:¹

ASSET	GOING CONCERN VALUE	FIRE SALE VALUE	DEBTOR'S EQUITY ON LIQUIDATION
Real Estate	\$ 269,000.00	\$ 215,200.00 ²	\$ 99,290.67
Cash	\$ 33,022.00	\$ 33,022.00	
Accounts Receivable	\$ 20,000.00	\$ 5,000.00 ³	
Raw Materials	\$ 11,505.00	\$ 8,628.75 ⁴	
Work in Progress materials	\$ 7,562.00	\$ 3,781.00 ⁵	
Office furniture and equip.	\$ 1,625.00	\$ 500.00	
Equipment	\$ 21,520.00	\$ 16,140.00 ⁶	
Machining accessories	\$ 14,200.00	\$ 10,650.00 ⁷	
Goodwill	\$ 15,000.00	\$ -	
Drawings and blueprints	\$ 15,000.00	\$ 15,000.00	
TOTAL	\$ 408,434.00	\$ 307,921.75	\$ 99,290.67

B. LIABILITIES:

1. Secured Claims:

Cooper Lane Mortgage	\$ 115,909.23	
GSC Industries, LLC	\$ 158,708.27	
TOTAL	\$ 274,617.50	

2. Administrative Claims:

Attorney Fees	\$ 100,000.00	(approximate)
U.S. Trustee Fees	\$ 6,500.00	
TOTAL	\$ 106,500.00	

3. Priority Claims:

City of Detroit-Treasury	\$ 10,158.60	
State of Michigan-Treasury	\$ 48,655.35	
Wayne County Treasury	\$ 23,911.77	
TOTAL	\$ 82,725.72	

4. Unsecured Claims:

TOTAL	\$ 694,756.76	
TOTAL LIABILITIES	\$ 1,158,599.98	

C. LIQUIDATION ANALYSIS:

1. Value of Assets as Going Concern	\$	408,434.34
2. Value of Assets on Liquidation	\$	292,936.75

D. AMOUNTS AVAILABLE TO PAY CREDITORS:

Creditor Class	Amount Available to Pay Classes of Creditors in Going Concern Sale	Amount Available to Pay Classes of Creditors in a Forced Liquidation
Secured Claims-Real Estate	\$ 115,909.33	\$ 115,909.33
Secured Claims - Personal Property	\$ 139,434.00	\$ 92,721.75
Administrative Claims	\$ 106,500.00	\$ 99,290.67
Priority Claims	\$ 46,591.01	\$ -
Unsecured Claims	\$ -	\$ -

¹The Debtor's claims against Richard Farrell and Detroit Wrecker Sales, Inc. have not been included in this Liquidation Analysis

²The Debtor has estimated that the real estate would be worth approximately 80% of its going concern value if sold through a forced liquidation.

³The Debtor has estimated that approximately 20% of the accounts receivable would be collected in a forced liquidation a forced liquidation.

⁴The Debtor has estimated that its raw material would sell for 75% of its going concern value if sold through a forced liquidation.

⁵The Debtor has estimated that its WIP material would sell for 75% of its going concern value if sold through a forced liquidation.

⁶The Debtor has estimated that its equipment would sell for 75% of its going concern value if sold through a forced liquidation.

⁷The Debtor has estimated that its machining accessories would sell for 75% of its going concern value if sold through a forced liquidation.

EXHIBIT

2

Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

▶ Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

2014

Department of the Treasury
Internal Revenue Service

EXTENSION GRANTED TO 09/15/15

For calendar year 2014 or tax year beginning

, and ending

A S election effective date 06/05/2012	TYPE OR PRINT	Name MIKE FARRELLS DETROIT WRECKER SALES	D Employer identification number [REDACTED] 7824
B Business activity code number (see instructions) 441300		Number, street, and room or suite no. If a P.O. box, see instructions. 19303 DAVISON ST.	E Date incorporated 11/15/2010
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code DETROIT, MI 48223	F Total assets (see instructions) \$ 300,037.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year **1**

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales ... 2,455,931.	b Return and allowances	c Bal. Subtract line 1b from line 1a ...	1c	2,455,931.
	2 Cost of goods sold (attach Form 1125-A)			2	2,074,834.
	3 Gross profit. Subtract line 2 from line 1c			3	381,097.
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	
	5 Other income (loss) (attach statement)			5	
	6 Total income (loss). Add lines 3 through 5			6	381,097.
Deductions (See instructions for limitations)	7 Compensation of officers (see instrs. - attach Form 1125-E)			7	
	8 Salaries and wages (less employment credits)			8	
	9 Repairs and maintenance			9	1,816.
	10 Bad debts			10	12,054.
	11 Rents			11	34,000.
	12 Taxes and licenses STATEMENT 1			12	11,787.
	13 Interest			13	
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	9,193.
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	57,494.
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	
	19 Other deductions (attach statement) STATEMENT 2			19	241,675.
	20 Total deductions. Add lines 7 through 19			20	368,019.
	21 Ordinary business income (loss). Subtract line 20 from line 6			21	13,078.
Tax and Payments	22 a Excess net passive income or LIFO recapture tax (see instructions)	22a		22c	
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b				
	23 a 2014 estimated tax payments and 2013 overpayment credited to 2014	23a		23d	
	b Tax deposited with Form 7004	23b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c				
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
27 Enter amount from line 26 Credited to 2015 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			27		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ **OFFICER** Title _____

May the IRS discuss this return with the preparer shown below (see instr.?)
 Yes No

Paid Preparer Use Only	Print/Type preparer's name MARK L. SMITH	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P00059974
	Firm's name MELLEN, SMITH & PIVOZ PLC	Firm's EIN [REDACTED] 0733			
	Firm's address 30600 TELEGRAPH ROAD, SUITE 1131 BINGHAM FARMS, MI 48025-4531	Phone no. 248-642-2803			

JWA For Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2014)

Schedule B Other Information (see instructions)	Yes	No		
1 Check accounting method: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____				
2 See the instructions and enter the: (a) Business activity WRECKER SALES (b) Product or service TOW BEDS & ACESSORIES				
3 At any time during the tax year, was any shareholder in the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation		X		
4 At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below.		X		
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of incorporation	(iv) Percentage of Voting Stock Owned	(v) If Percentage in (iv) is 100%. Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made
b Own directly an interest of 20% or more, or own directly or indirectly an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below.		X		
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "yes" complete lines (i) and (ii) below		X		
(i) Total shares of restricted stock _____				
(ii) Total shares of non-restricted stock _____				
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "yes" complete lines (i) and (ii) below		X		
(i) Total shares of stock outstanding at the end of the tax year _____				
(ii) Total shares of stock outstanding if all instruments were executed _____				
6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide info. on any reportable transaction? ...		X		
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.				
8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years _____ \$ _____				
9 Enter the accumulated earnings and profits of the corporation at the end of the tax year _____ \$ _____				
10 Does the corporation satisfy both of the following conditions? a The corporation's total receipts (see instructions) for the tax year were less than \$250,000 _____ b The corporation's total assets at the end of the tax year were less than \$250,000 _____ If "Yes," the corporation is not required to complete Schedules L and M-1		X		
11 During the tax year, did the corporation have any non-shareholder debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? If "Yes," enter the amount of principal reduction _____ \$ _____		X		
12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X		
13a Did the corporation make any payments in 2014 that would require it to file Form(s) 1099 (see instructions)?	X			
b If "Yes," did the corporation file or will it file all required Forms 1099?	X			

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	13,078.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	
10 Other income (loss) (see instructions) Type	10		
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Charitable contributions STATEMENT 3	12a	3,221.
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures (1) Type (2) Amount Other deductions (see instructions) Type	12c(2)	
Credits	d Other deductions (see instructions) Type	12d	
	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
	d Other rental real estate credits (see instructions) Type	13d	
	e Other rental credits (see instructions) Type	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
g Other credits (see instructions) Type	13g		
Foreign Transactions	14a Name of country or U.S. possession		
	b Gross income from all sources	14b	
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c	
	d Passive category	14d	
	e General category	14e	
	f Other (attach statement) Deductions allocated and apportioned at shareholder level	14f	
	g Interest expense	14g	
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h	
	i Passive category	14i	
	j General category	14j	
	k Other (attach statement) Other information	14k	
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
	m Reduction in taxes available for credit (attach statement)	14m	
	n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties - gross income	15d	
	e Oil, gas, and geothermal properties - deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses STATEMENT 4	16c	4,462.
	d Distributions (attach statement if required)	16d	
	e Repayment of loans from shareholders	16e	

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount	
Other Information	17a Investment income	17a	
	b Investment expenses	17b	
	c Dividend distributions paid from accumulated earnings and profits	17c	
	d Other items and amounts (attach statement)		
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	9,857.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		10,366.		5,537.
2 a	Trade notes and accounts receivable	44,297.		40,023.	
b	Less allowance for bad debts		44,297.		40,023.
3	Inventories		137,219.		172,257.
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (att. stmt.)	STATEMENT 5	5,923.		10,905.
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (att. stmt.)				
10 a	Buildings and other depreciable assets	102,625.		102,625.	
b	Less accumulated depreciation	22,117.	80,508.	31,310.	71,315.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13 a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (att. stmt.)				
15	Total assets		278,313.		300,037.
Liabilities and Shareholders' Equity					
16	Accounts payable		235,407.		315,187.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (att. stmt.)	STATEMENT 6	91,563.		28,112.
19	Loans from shareholders		34,143.		34,143.
20	Mortgages, notes, bonds payable in 1 year or more		90,411.		0.
21	Other liabilities (att. stmt.)				
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings	STATEMENT 7	-173,211.		-77,405.
25	Adjustments to shareholders' equity (att. stmt.)				
26	Less cost of treasury stock		()		()
27	Total liabilities and shareholders' equity		278,313.		300,037.

JWA

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: The corporation may be required to file Schedule M-3 (see instructions)

1 Net income (loss) per books	5,395.	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14I (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14I, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$ 4,462.	4,462.	7 Add lines 5 and 6	
4 Add lines 1 through 3	9,857.	8 Income (loss) (Schedule K, line 18). Line 4 less line 7	9,857.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	-173,211.		
2 Ordinary income from page 1, line 21	13,078.		
3 Other additions STATEMENT 8	90,411.		
4 Loss from page 1, line 21	()		
5 Other reductions STATEMENT 9	(7,683.)	()	
6 Combine lines 1 through 5	-77,405.		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	-77,405.		

JWA

Cost of Goods Sold

(Rev. December 2012)

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

OMB No. 1545-2225

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

Name **MIKE FARRELLS DETROIT WRECKER SALES** Employer Identification number **7824**

1	Inventory at beginning of year	1	137,219.
2	Purchases	2	1,535,749.
3	Cost of labor	3	495,347.
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) SEE STATEMENT 10	5	78,776.
6	Total. Add lines 1 through 5	6	2,247,091.
7	Inventory at end of year	7	172,257.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	2,074,834.

9 a Check all methods used for valuing closing inventory:

(i) Cost

(ii) Lower of cost or market

(iii) Other (Specify method used and attach explanation) ▶ _____

b Check if there was a writedown of subnormal goods ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d** _____

e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

▶ Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

2015

Department of the Treasury
Internal Revenue Service

For calendar year 2015 or tax year beginning _____, and ending _____

TYPE OR PRINT	A S election effective date 06/05/2012	Name MIKE FARRELLS DETROIT WRECKER SALES	D Employer identification number 7824
	B Business activity code number (see instructions) 441300	Number, street, and room or suite no. If a P.O. box, see instructions. 19303 DAVISON ST.	E Date incorporated 11/15/2010
	C Check if Sch. M-3 attached <input type="checkbox"/>	City or town, state or province, country, and ZIP or foreign postal code DETROIT MI 48223	F Total assets (see instructions) \$ 607,763.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed

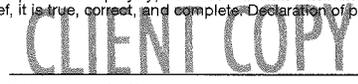
H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year **1**

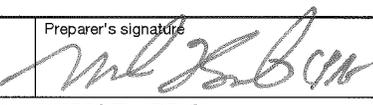
Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales 2,593,181. b Return and allowances	c Bal. Subtract line 1b from line 1a	1e 2,593,181.
	2 Cost of goods sold (attach Form 1125-A)		2 2,298,622.
	3 Gross profit. Subtract line 2 from line 1c		3 294,559.
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)		4
	5 Other income (loss) (attach statement)		5
	6 Total income (loss). Add lines 3 through 5		6 294,559.
Deductions (See instructions for limitations)	7 Compensation of officers (see instrs. - attach Form 1125-E)		7
	8 Salaries and wages (less employment credits)		8
	9 Repairs and maintenance		9 34,520.
	10 Bad debts		10 12,088.
	11 Rents		11 9,700.
	12 Taxes and licenses STATEMENT 1		12 8,161.
	13 Interest		13 14,156.
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)		14 6,764.
	15 Depletion (Do not deduct oil and gas depletion.)		15
	16 Advertising		16 69,252.
	17 Pension, profit-sharing, etc., plans		17
	18 Employee benefit programs		18
	19 Other deductions (attach statement) STATEMENT 2		19 404,322.
	20 Total deductions. Add lines 7 through 19		20 558,963.
	21 Ordinary business income (loss). Subtract line 20 from line 6		21 -264,404.
Tax and Payments	22 a Excess net passive income or LIFO recapture tax (see instructions)	22a	
	b Tax from Schedule D (Form 1120S)	22b	
	c Add lines 22a and 22b	22c	
	23 a 2015 estimated tax payments and 2014 overpayment credited to 2015	23a	
	b Tax deposited with Form 7004	23b	
	c Credit for federal tax paid on fuels (attach Form 4136)	23c	
	d Add lines 23a through 23c	23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
	27 Enter amount from line 26 Credited to 2016 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	27	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here  **OFFICER**
Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instr.?) Yes No

Paid Preparer Use Only	Print/Type preparer's name MARK L. SMITH	Preparer's signature 	Date 9/14/16	Check if self-employed <input type="checkbox"/>	PTIN P00059974
	Firm's name MELLEN, SMITH & PIVOZ PLC	Firm's EIN 7824		Phone no. 248-642-2803	
	Firm's address 30600 TELEGRAPH ROAD, SUITE 1131 BINGHAM FARMS, MI 48025-4531				

Department of the Treasury
Internal Revenue Service

▶ Do not send to the IRS. Keep for your records.

▶ Information about Form 8879-S and its instructions is at www.irs.gov/form8879s.

2015

For calendar year 2015, or tax year beginning _____, 2015, ending _____, 20____

Name of corporation

MIKE FARRELLS DETROIT WRECKER SALES

Employer identification number

7824

Part I Tax Return Information (Whole dollars only)

1	Gross receipts or sales less returns and allowances (Form 1120S, line 1c)	1	2,593,181.
2	Gross profit (Form 1120S, line 3)	2	294,559.
3	Ordinary business income (loss) (Form 1120S, line 21)	3	-264,404.
4	Net rental real estate income (loss) (Form 1120S, Schedule K, line 2)	4	
5	Income (loss) reconciliation (Form 1120S, Schedule K, line 18)	5	-328,193.

Part II Declaration and Signature Authorization of Officer (Be sure to get a copy of the corporation's return)

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2015 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize **MELLEN, SMITH & PIVOZ PLC** to enter my PIN **[REDACTED]** as my signature on the corporation's 2015 electronically filed income tax return. ERO firm name do not enter all zeros

As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2015 electronically filed income tax return.

Officer's signature ▶ **CLIENT COPY** Date ▶ _____ Title ▶ **OFFICER**

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. **[REDACTED]**
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2015 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 3112, IRS e-file Application and Participation, and Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ _____ Date ▶ _____

**ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So**

For Paperwork Reduction Act Notice, see instructions.
LHA

Form **8879-S** (2015)

Schedule B Other Information (see instructions)					Yes	No
1 Check accounting method: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____						
2 See the instructions and enter the: (a) Business activity WRECKER SALES (b) Product or service TOW BEDS & ACESSORIE						
3 At any time during the tax year, was any shareholder in the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation						X
4 At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below						X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of incorporation	(iv) Percentage of Stock Owned	(v) If Percentage in (iv) is 100%. Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made		
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below						X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital		
5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock? If "yes" complete lines (i) and (ii) below						X
(i) Total shares of restricted stock _____						
(ii) Total shares of non-restricted stock _____						
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments? If "yes" complete lines (i) and (ii) below						X
(i) Total shares of stock outstanding at the end of the tax year _____						
(ii) Total shares of stock outstanding if all instruments were executed _____						
6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide info. on any reportable transaction? ...						X
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.						
8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years _____ \$						
9 Enter the accumulated earnings and profits of the corporation at the end of the tax year _____ \$						
10 Does the corporation satisfy both of the following conditions?						
a The corporation's total receipts (see instructions) for the tax year were less than \$250,000 _____						
b The corporation's total assets at the end of the tax year were less than \$250,000 _____						X
If "Yes," the corporation is not required to complete Schedules L and M-1						
11 During the tax year, did the corporation have any non-shareholder debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? _____						X
If "Yes," enter the amount of principal reduction _____ \$						
12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions						X
13a Did the corporation make any payments in 2015 that would require it to file Form(s) 1099? _____						X
b If "Yes," did the corporation file or will it file all required Forms 1099? _____						

Schedule K Shareholders' Pro Rata Share Items		Total amount		
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	-264,404.	
	2 Net rental real estate income (loss) (attach Form 8825)	2		
	3a Other gross rental income (loss)	3a		
	b Expenses from other rental activities (attach statement)	3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c		
	4 Interest income	4		
	5 Dividends: a Ordinary dividends	5a		
	b Qualified dividends	5b		
	6 Royalties	6		
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7		
Deductions	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a		
	b Collectibles (28%) gain (loss)	8b		
	c Unrecaptured section 1250 gain (attach statement)	8c		
	9 Net section 1231 gain (loss) (attach Form 4797)	STATEMENT 3	9	-63,302.
	10 Other income (loss) (see instructions) Type	10		
	11 Section 179 deduction (attach Form 4562)	11		
	12a Charitable contributions	STATEMENT 4	12a	487.
	b Investment interest expense	12b		
	c Section 59(e)(2) expenditures (1) Type		12c(2)	
	(2) Amount		12d	
d Other deductions (see instructions) Type				
Credits	13a Low-income housing credit (section 42(j)(5))	13a		
	b Low-income housing credit (other)	13b		
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c		
	d Other rental real estate credits (see instructions) Type	13d		
	e Other rental credits (see instructions) Type	13e		
	f Biofuel producer credit (attach Form 6478)	13f		
	g Other credits (see instructions) Type	13g		
Foreign Transactions	14a Name of country or U.S. possession			
	b Gross income from all sources	14b		
	c Gross income sourced at shareholder level	14c		
	Foreign gross income sourced at corporate level			
	d Passive category	14d		
	e General category	14e		
	f Other (attach statement)	14f		
	Deductions allocated and apportioned at shareholder level			
	g Interest expense	14g		
	h Other	14h		
	Deductions allocated and apportioned at corporate level to foreign source income			
	i Passive category	14i		
	j General category	14j		
	k Other (attach statement)	14k		
Other information				
l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l			
m Reduction in taxes available for credit (attach statement)	14m			
n Other foreign tax information (attach statement)				
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	175.	
	b Adjusted gain or loss	15b		
	c Depletion (other than oil and gas)	15c		
	d Oil, gas, and geothermal properties - gross income	15d		
	e Oil, gas, and geothermal properties - deductions	15e		
	f Other AMT items (attach statement)	15f		
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a		
	b Other tax-exempt income	16b		
	c Nondeductible expenses	STATEMENT 5	16c	5,142.
	d Distributions (attach statement if required)	16d		
	e Repayment of loans from shareholders	16e		

Schedule K		Shareholders' Pro Rata Share Items (continued)	Total amount		
Other Information	17a	Investment income	17a		
	b	Investment expenses	17b		
	c	Dividend distributions paid from accumulated earnings and profits	17c		
	d	Other items and amounts (attach statement)			
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l			18	- 328,193.

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		5,537.		42,512.
2 a	Trade notes and accounts receivable	40,023.		89,993.	
b	Less allowance for bad debts		40,023.		89,993.
3	Inventories		172,257.		275,613.
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (att. stmt.)	STATEMENT 6	10,905.		
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (att. stmt.)				
10 a	Buildings and other depreciable assets	102,625.		213,230.	
b	Less accumulated depreciation	31,310.	71,315.	23,585.	189,645.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				10,000.
13 a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
14	Other assets (att. stmt.)				
15	Total assets		300,037.		607,763.
Liabilities and Shareholders' Equity					
16	Accounts payable		315,187.		520,394.
17	Mortgages, notes, bonds payable in less than 1 year				118,410.
18	Other current liabilities (att. stmt.)	STATEMENT 7	28,112.		213,814.
19	Loans from shareholders		34,143.		16,916.
20	Mortgages, notes, bonds payable in 1 year or more				148,969.
21	Other liabilities (att. stmt.)				
22	Capital stock				
23	Additional paid-in capital				
24	Retained earnings	STATEMENT 8	-77,405.		-410,740.
25	Adjustments to shareholders' equity (att. stmt.)				
26	Less cost of treasury stock		()		()
27	Total liabilities and shareholders' equity		300,037.		607,763.

JWA

Form 1120S (2015)

Schedule M-1

Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: The corporation may be required to file Schedule M-3 (see instructions)

1 Net income (loss) per books	-333,335.	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize): a Tax-exempt interest \$	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):			
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14i (itemize): a Depreciation \$ b Travel and entertainment \$ 5,142.	5,142.	6 Deductions included on Schedule K, lines 1 through 12 and 14i, not charged against book income this year (itemize): a Depreciation \$	
4 Add lines 1 through 3	-328,193.	7 Add lines 5 and 6	
		8 Income (loss) (Schedule K, line 18). Line 4 less line 7	-328,193.

Schedule M-2

Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	-77,405.		
2 Ordinary income from page 1, line 21			
3 Other additions			
4 Loss from page 1, line 21	(264,404.)		
5 Other reductions STATEMENT 9	(68,931.)		
6 Combine lines 1 through 5	-410,740.		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	-410,740.		

JWA

Form 1120S (2015)

Cost of Goods Sold

(Rev. December 2012)

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

OMB No. 1545-2225

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

Name

Employer identification number

MIKE FARRELLS DETROIT WRECKER SALES

7824

1	Inventory at beginning of year	1	172,257.
2	Purchases	2	1,632,215.
3	Cost of labor	3	649,099.
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule) SEE STATEMENT 10	5	120,664.
6	Total. Add lines 1 through 5	6	2,574,235.
7	Inventory at end of year	7	275,613.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	2,298,622.

9a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market
- (iii) Other (Specify method used and attach explanation) ▶

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

For Paperwork Reduction Act Notice, see separate instructions.

Form 1125-A (Rev. 12-2012)

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0123

2016

Department of the Treasury
Internal Revenue Service

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
▶ Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.
EXTENSION GRANTED TO 09/15/17

For calendar year 2016 or tax year beginning

, and ending

A S election effective date 06/05/2012	NAME MIKE FARRELLS DETROIT WRECKER SALES Number, street, and room or suite no. If a P.O. box, see instructions. 19303 DAVISON ST. City or town, state or province, country, and ZIP or foreign postal code DETROIT, MI 48223	D Employer identification number [REDACTED] 7824
B Business activity code number (see instructions) 441300		E Date incorporated 11/15/2010
C Check if Sch. M-3 attached <input type="checkbox"/>		F Total assets (see instructions) \$ 625,333.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year **1**

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales 3,194,487.	b Return and allowances	c Bal. Subtract line 1b from line 1a	1c	3,194,487.
	2 Cost of goods sold (attach Form 1125-A)			2	2,504,667.
	3 Gross profit. Subtract line 2 from line 1c			3	689,820.
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4	
	5 Other income (loss) (attach statement) STATEMENT 1			5	194.
	6 Total income (loss). Add lines 3 through 5			6	690,014.
Deductions (See instructions for limitations)	7 Compensation of officers (see instrs. - attach Form 1125-E)			7	
	8 Salaries and wages (less employment credits)			8	
	9 Repairs and maintenance			9	35,330.
	10 Bad debts			10	76,170.
	11 Rents			11	3,400.
	12 Taxes and licenses STATEMENT 2			12	28,762.
	13 Interest			13	24,521.
	14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14	8,258.
	15 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	37,390.
	17 Pension, profit-sharing, etc., plans			17	
	18 Employee benefit programs			18	
	19 Other deductions (attach statement) STATEMENT 3			19	527,949.
	20 Total deductions. Add lines 7 through 19			20	741,780.
	21 Ordinary business income (loss). Subtract line 20 from line 6			21	-51,766.
Tax and Payments	22 a Excess net passive income or LIFO recapture tax (see instructions)	22a		22c	
	b Tax from Schedule D (Form 1120S)	22b			
	c Add lines 22a and 22b				
	23 a 2016 estimated tax payments and 2015 overpayment credited to 2016	23a		23d	
	b Tax deposited with Form 7004	23b			
	c Credit for federal tax paid on fuels (attach Form 4136)	23c			
	d Add lines 23a through 23c				
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	
27 Enter amount from line 26 Credited to 2017 estimated tax		Refunded	27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here **CLIENT COPY** **OFFICER**

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instr.?) Yes No

Paid Preparer Use Only	Print/Type preparer's name MARK L. SMITH	Preparer's signature <i>Mark L. Smith</i>	Digitally signed by Mark Smith DN: cn=Mark Smith, o=Mellen Smith & Pivoz PLC, ou, email=msmith@mspcpa.com, c=US Date: 2017.09.15 10:58:33 -0400	Date	Check if self-employed <input type="checkbox"/>	PTIN P00059974
	Firm's name MELLEN, SMITH & PIVOZ PLC	Firm's EIN [REDACTED] 0733		Phone no. 248-642-2803		
	Firm's address 30600 TELEGRAPH ROAD, SUITE 1131 BINGHAM FARMS, MI 48025-4531					

Schedule B Other Information (see instructions)

- 1 Check accounting method: (a) Cash (b) X Accrual (c) Other (specify)
2 See the instructions and enter the: (a) Business activity WRECKER SALES (b) Product or service TOW BEDS & ACESSORIE
3 At any time during the tax year, was any shareholder in the corporation a disregarded entity, a trust, an estate, or a nominee or similar person? If "Yes," attach Schedule B-1, Information on Certain Shareholders of an S Corporation
4 At the end of the tax year, did the corporation: a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total stock issued and outstanding of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below

Table with 5 columns: (i) Name of Corporation, (ii) Employer Identification Number (if any), (iii) Country of incorporation, (iv) Percentage of Stock Owned, (v) If Percentage in (iv) is 100%. Enter the Date (if any) a Qualified Subchapter S Subsidiary Election Was Made

- b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below

Table with 5 columns: (i) Name of Entity, (ii) Employer Identification Number (if any), (iii) Type of Entity, (iv) Country of Organization, (v) Maximum Percentage Owned in Profit, Loss, or Capital

- 5a At the end of the tax year, did the corporation have any outstanding shares of restricted stock?
(i) Total shares of restricted stock
(ii) Total shares of non-restricted stock
b At the end of the tax year, did the corporation have any outstanding stock options, warrants, or similar instruments?
(i) Total shares of stock outstanding at the end of the tax year
(ii) Total shares of stock outstanding if all instruments were executed
6 Has this corporation filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide info. on any reportable transaction?
7 Check this box if the corporation issued publicly offered debt instruments with original issue discount
8 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to the basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years
9 Enter the accumulated earnings and profits of the corporation at the end of the tax year
10 Does the corporation satisfy both of the following conditions?
a The corporation's total receipts (see instructions) for the tax year were less than \$250,000
b The corporation's total assets at the end of the tax year were less than \$250,000
If "Yes," the corporation is not required to complete Schedules L and M-1
11 During the tax year, did the corporation have any non-shareholder debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?
If "Yes," enter the amount of principal reduction
12 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions
13a Did the corporation make any payments in 2016 that would require it to file Form(s) 1099?
b If "Yes," did the corporation file or will it file all required Forms 1099?

Schedule K Shareholders' Pro Rata Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1 -51,766.
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Interest income	4
	5 Dividends: a Ordinary dividends	5a
	b Qualified dividends	5b
	6 Royalties	6
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b
	c Unrecaptured section 1250 gain (attach statement)	8c
	9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type ▶	10	
Deductions	11 Section 179 deduction (attach Form 4562)	11
	12a Charitable contributions	12a
	b Investment interest expense	12b
	c Section 59(e)(2) expenditures (1) Type ▶ (2) Amount ▶ Other deductions (see instructions) Type ▶	12c(2) 12d
Credits	13a Low-income housing credit (section 42(j)(5))	13a
	b Low-income housing credit (other)	13b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d Other rental real estate credits (see instructions) Type ▶	13d
	e Other rental credits (see instructions) Type ▶	13e
	f Biofuel producer credit (attach Form 6478)	13f
	g Other credits (see instructions) Type ▶	13g
Foreign Transactions	14a Name of country or U.S. possession ▶	14a
	b Gross income from all sources	14b
	c Gross income sourced at shareholder level Foreign gross income sourced at corporate level	14c
	d Passive category	14d
	e General category	14e
	f Other (attach statement) Deductions allocated and apportioned at shareholder level	14f
	g Interest expense	14g
	h Other Deductions allocated and apportioned at corporate level to foreign source income	14h
	i Passive category	14i
	j General category	14j
	k Other (attach statement) Other information	14k
	l Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l
	m Reduction in taxes available for credit (attach statement)	14m
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a 494.
	b Adjusted gain or loss	15b
	c Depletion (other than oil and gas)	15c
	d Oil, gas, and geothermal properties - gross income	15d
	e Oil, gas, and geothermal properties - deductions	15e
	f Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a
	b Other tax-exempt income	16b
	c Nondeductible expenses	16c STATEMENT 4 6,278.
	d Distributions (attach statement if required)	16d
	e Repayment of loans from shareholders	16e

Schedule K Shareholders' Pro Rata Share Items (continued)		Total amount
Other Information	17a Investment income	17a
	b Investment expenses	17b
	c Dividend distributions paid from accumulated earnings and profits	17c
	d Other items and amounts (attach statement)	
Reconciliation	18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18 -51,766.

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		42,512.		22,333.
2 a Trade notes and accounts receivable	89,993.		25,377.	
b Less allowance for bad debts		89,993.		25,377.
3 Inventories		275,613.		388,117.
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. stmt.)				
7 Loans to shareholders				4,223.
8 Mortgage and real estate loans				
9 Other investments (att. stmt.)				
10 a Buildings and other depreciable assets	213,230.		207,125.	
b Less accumulated depreciation	23,585.	189,645.	31,842.	175,283.
11 a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)		10,000.		10,000.
13 a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (att. stmt.)				
15 Total assets		607,763.		625,333.
Liabilities and Shareholders' Equity				
16 Accounts payable		520,394.		606,783.
17 Mortgages, notes, bonds payable in less than 1 year		118,410.		128,894.
18 Other current liabilities (att. stmt.)	STATEMENT 5	213,814.		219,251.
19 Loans from shareholders		16,916.		
20 Mortgages, notes, bonds payable in 1 year or more		148,969.		139,383.
21 Other liabilities (att. stmt.)				
22 Capital stock				
23 Additional paid-in capital				
24 Retained earnings	STATEMENT 6	-410,740.		-468,978.
25 Adjustments to shareholders' equity (att. stmt.)				
26 Less cost of treasury stock		()		()
27 Total liabilities and shareholders' equity		607,763.		625,333.

JWA

Form 1120S (2016)

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: The corporation may be required to file Schedule M-3 (see instructions)

<p>1 Net income (loss) per books -58,238.</p> <p>2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize): _____</p> <p>3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14i (itemize): a Depreciation \$ _____ b Travel and entertainment \$ 6,278. STMT 7 194. 6,472.</p> <p>4 Add lines 1 through 3 -51,766.</p>	<p>5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize): a Tax-exempt interest \$ _____</p> <p>6 Deductions included on Schedule K, lines 1 through 12 and 14i, not charged against book income this year (itemize): a Depreciation \$ _____</p> <p>7 Add lines 5 and 6 _____</p> <p>8 Income (loss) (Schedule K, line 18). Line 4 less line 7 -51,766.</p>
---	--

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year -410,740.	-410,740.		
2 Ordinary income from page 1, line 21			
3 Other additions			
4 Loss from page 1, line 21 (51,766.)	(51,766.)		
5 Other reductions STATEMENT 8 (6,472.)	(6,472.)	()	
6 Combine lines 1 through 5 -468,978.	-468,978.		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6 -468,978.	-468,978.		

JWA

Form 1120S (2016)

Cost of Goods Sold

(Rev. October 2016)

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

▶ Information about Form 1125-A and its instructions is at www.irs.gov/form1125a.

Name MIKE FARRELLS DETROIT WRECKER SALES	Employer Identification number 7824
---	--

1 Inventory at beginning of year	1	275,613.
2 Purchases	2	1,476,651.
3 Cost of labor	3	951,789.
4 Additional section 263A costs (attach schedule)	4	
5 Other costs (attach schedule) SEE STATEMENT 9	5	188,731.
6 Total. Add lines 1 through 5	6	2,892,784.
7 Inventory at end of year	7	388,117.
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return. See instructions	8	2,504,667.

- 9 a Check all methods used for valuing closing inventory:
- (i) Cost
 - (ii) Lower of cost or market
 - (iii) Other (Specify method used and attach explanation) ▶ _____
- b Check if there was a writedown of subnormal goods ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO **9d** | _____
- e If property is produced or acquired for resale, do the rules of Section 263A apply to the entity? See instructions Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

EXHIBIT

3

9:30 AM

Detroit Wrecker Sales L.L.C.

10/23/17

Profit & Loss

Accrual Basis

September 22 through October 20, 2017

Sep 22 - Oct 20, 17

Ordinary Income/Expense

Income

40000 · Sales - Merchandise	75,134.93
40002 · Sales - Lil Hercules	29,849.50
40004 · Sales - Devastator Flatbed	26,249.99
40005 · Sales - Forklift Attachment	21,999.99
40100 · Sales - Others	117.27
40200 · Sales - Paypal	42.24
42000 · Sales - Service	7,303.86
42100 · Sales - Labor Repair & Install	16,251.17
42101 · Sales - Labor Fabrication	519.96
42103 · Sales - Labor Electrical	4,463.22
42104 · Sales - Misc. Shop Charges	569.90
43000 · Shipping and Delivery Income	796.47
43200 · Reconciling account	4.72

Total Income

183,303.22

Cost of Goods Sold

45000 · Cost of Goods Sold	42,367.99
45100 · COGS - Subcontr Labor	40,370.68
45200 · COGS - Subcontr Services	6,437.41
45400 · COGS - Manufacturing	2,728.31
45450 · COGS - Mfg Welding & Gas	7.42
45700 · COGS - Shop Supply	956.95
46000 · COGS - Tools	1,843.55
46100 · COGS - Paint Supply	165.39
46200 · COGS - Shipping	7,718.74
46600 · COGS - Resale Items	5,318.73
46700 · COGS - Service Dept	40.00
48401 · COGS - Powdercoating Projects	2,020.00

Total COGS

109,975.17

Gross Profit

73,328.05

Expense

Early Bird Discount	-28.75
50105 · Advertising Exp	496.03
50200 · Automobile Exp	0.00
50225 · Auto Lease	1,259.98
50250 · Auto Exp - Gas	264.06
50270 · Auto Exp - Insur	558.63
50300 · Alarm Building Exp	265.00
50500 · Bank Chrgs Exp	2,496.04
50900 · Coffee & Donuts Exp	52.16
51000 · Commission Exp	2,641.49
51400 · Ebay Exp	186.91
51401 · Amazon Exp	56.71
51600 · Insur Exp - Health	406.28
51610 · Insur Exp - Bldg	955.58
51620 · Insur Exp - General Insurance	2,522.04
51800 · Janitorial Exp	3,951.53
52100 · Legal Fees Exp	1,717.00
53100 · Meals and Entertainment Exp	698.20
53300 · Office Supplies Exp	977.35
53700 · Professional Fees Exp	34.20
54000 · Rent Exp	200.00
54001 · Security Exp	200.00
54100 · Repairs and Maintenance Exp	200.00

Page 1

9:30 AM

10/23/17

Accrual Basis

Detroit Wrecker Sales L.L.C.
Profit & Loss
September 22 through October 20, 2017

	Sep 22 - Oct 20, 17
54600 · Travel Exp	256.03
55000 · Utilities - Phone & Internet	-55.98
80200 · POS Inventory Adjustments	476.13
81200 · Reconciliation Discrepancies	24.50
97200 · Gifts	77.97
Total Expense	20,889.09
Net Ordinary Income	52,438.96
Other Income/Expense	
Other Expense	
80300 · Balancing Adjustments	265.72
80400 · Ask My Accountant	-500.00
Total Other Expense	-234.28
Net Other Income	234.28
Net Income	52,673.24

EXHIBIT

4

PLAN PROJECTIONS
MIKE FARRELL'S DETROIT WRECKER SALES, LLC

	2/1/2018	3/1/2018	4/1/2018	5/1/2018	6/1/2018	7/1/2018	8/1/2018	9/1/2018	10/1/2018	11/1/2018	12/1/2018	2019	2020	2021	2022
ESTIMATED GROSS REVENUE	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	184,714.08	2,305,230.07	2,397,439.20	2,493,336.70	2,593,070.10
COST OF GOODS SOLD	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	70,191.35	875,987.43	911,026.90	947,467.95	985,366.64
GROSS PROFIT	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	114,522.73	1,429,242.64	1,486,412.30	1,545,868.75	1,607,703.46
Payroll	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00	624,000.00	624,000.00	624,000.00	624,000.00
Cintas	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	1,600.00	19,776.00	20,369.28	20,980.36	21,609.77
50100 - Advertising Exp	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,720.00	25,461.60	26,225.45	27,012.21
50225 - Auto Leases	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	2,586.01	31,963.08	32,921.98	33,909.64	34,926.92
50250 - Auto Exp - Gas	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	1,083.33	13,389.96	13,791.66	14,205.41	14,631.57
50270 - Auto Exp - Insur	558.63	558.63	558.63	558.63	558.63	558.63	558.63	558.63	558.63	558.63	558.63	6,904.67	7,111.81	7,325.16	7,544.92
50300 - Alarm Building Exp	265.00	265.00	265.00	265.00	265.00	265.00	265.00	265.00	265.00	265.00	265.00	3,275.40	3,373.66	3,474.87	3,579.12
50500 - Bank Chrgs Exp	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	4,944.00	5,092.32	5,245.09	5,402.44
50550 - Bank Chrgs Exp - Credit Card	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,720.00	25,461.60	26,225.45	27,012.21
50800 - Computer and Internet Exp	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,090.00	3,182.70	3,278.18	3,376.53
50900 - Coffee & Donuts Exp	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,708.00	3,819.24	3,933.82	4,051.83
51000 - Commission Exp	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	37,080.00	38,192.40	39,338.17	40,518.32
51400 - Ebay Exp	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,360.00	12,730.80	13,112.72	13,506.11
51401 - Amazon Exp	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	275.00	3,500.97	3,606.00	3,714.18	3,824.50
51600 - Insur Exp - Health	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,180.00	6,365.40	6,556.36	6,753.05
51610 - Insur Exp - Bldg	955.58	955.58	955.58	955.58	955.58	955.58	955.58	955.58	955.58	955.58	955.58	11,810.97	12,165.30	12,530.26	12,906.16
51620 - Insur Exp - General Insurance	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	2,522.00	31,171.92	32,107.08	33,070.29	34,062.40
53100 - Meals and Entertainment Exp	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	700.00	8,652.00	8,911.56	9,178.91	9,454.27
53200 - Miscellaneous Exp	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	850.00	10,506.00	10,821.18	11,145.82	11,480.19
53300 - Office Supplies Exp	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	6,798.00	7,001.94	7,212.00	7,428.36
53600 - Printing and Reproduction Exp	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,708.00	3,819.24	3,933.82	4,051.83
53700 - Professional Fees Exp	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,360.00	12,730.80	13,112.72	13,506.11
54000 - Rent Exp	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,472.00	2,546.16	2,622.54	2,701.22
54001 - Security Exp	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,472.00	2,546.16	2,622.54	2,701.22
54100 - Repairs and Maintenance Exp	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,090.00	3,182.70	3,278.18	3,376.53
54500 - Taxes - Property	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,720.00	25,461.60	26,225.45	27,012.21
54400 - Taxes - Sales	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	4,215.00	52,097.40	53,660.32	55,270.13	56,928.24
55000 - Utilities - Phone & Internet	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00	14,832.00	15,276.96	15,735.27	16,207.33
55100 - Utilities - Elect & Gas	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	2,900.00	35,844.00	36,919.32	38,026.90	39,167.71
55200 - Utilities - Water	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,720.00	25,461.60	26,225.45	27,012.21
Marlin lease pmts	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	1,902.00	23,508.72	24,213.98	24,940.40	25,688.61
Mortgage Payments				1,892.10	1,892.10	1,892.10	1,892.10	1,892.10	1,892.10	1,892.10	1,892.10	22,705.20	22,705.20	22,705.20	22,705.20
Line of Credit	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	1,172.20	40,464.96	40,464.96	40,464.96	40,464.96
TOTAL OVERHEAD EXPENSES	90,734.75	90,734.75	90,734.75	92,626.85	92,626.85	92,626.85	92,626.85	92,626.85	92,626.85	92,626.85	92,626.85	1,151,443.28	1,165,371.47	1,179,717.51	1,194,493.93
NET CASH IN	23,787.98	23,787.98	23,787.98	21,895.88	21,895.88	21,895.88	21,895.88	21,895.88	21,895.88	21,895.88	21,895.88	277,799.37	321,040.83	366,151.24	413,209.53
Plan Payments - Administrative Claims	15,000.00	15,000.00	11,892.10	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	30,824.00	-	-	-
Plan Payment - Priority Creditors	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	1,378.76	17,914.76	16,536.00	16,536.00	16,536.00
Plan Payment - Unsecured Creditors	-	-	1,929.90	1,929.90	1,929.90	1,929.90	1,929.90	1,929.90	1,929.90	1,929.90	1,929.90	25,081.50	23,151.60	-	-
TOTAL PLAN PAYMENTS	16,378.76	16,378.76	15,200.76	8,308.66	8,308.66	8,308.66	8,308.66	8,308.66	8,308.66	8,308.66	8,308.66	73,820.26	39,687.60	16,536.00	16,536.00
NET PROFIT/RESERVATION FOR CAPITAL IMPROVEMENTS¹	7,409.22	7,409.22	8,587.22	13,587.22	13,587.22	13,587.22	13,587.22	13,587.22	13,587.22	13,587.22	13,587.22	203,979.11	281,353.23	349,615.24	396,673.53

¹ Expenses above do not include a reservation for capital improvements which will be a reduction to the Debtor's Net Profit.