

In the United States Bankruptcy Court  
Western District of Missouri  
Southern Division

In re: )  
STARPORT TRANSPORTATION, INC. ) Case No. 17-60184  
Debtor. )

**DEBTOR'S COMBINED PLAN AND DISCLOSURE STATEMENT, DATED  
AUGUST 30, 2017**

**I. INTRODUCTION**

This is the combined Plan and Disclosure Statement (for ease of reference, the combined Plan and Disclosure Statement will be referred to as the "Plan") in the small business chapter 11 case of Starport Transportation, Inc. (the "Debtor"). This Plan is filed under chapter 11 of the Bankruptcy Code (the "Code") and proposes to pay creditors of the Debtor from cash flow from operations. This Plan provides for four classes of secured claims; one class of unsecured claims; and one class of equity security holders. As more specifically set forth herein, unsecured creditors holding allowed claims will share in a prorata distribution of \$90,000.00 payable in monthly installments of \$1,500.00. Deducted from this pro rata distribution will be 11 USC §506(b) claims, if any. This Plan also provides for the payment of administrative and priority claims.

All creditors and equity security holders should refer to Article III E (1) through (3) of this Plan for information regarding the precise treatment of their claims.

This Plan also provides detailed information regarding the terms for payment of the Debtor's creditors and other information designed to assist creditors and equity security holders in determining whether to accept the Plan. ***Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)***

**A. Purpose of This Document**

This Plan describes:

- The Debtor and significant events during the bankruptcy case.
- Historical information regarding the Debtor and the events leading to its bankruptcy filing.
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the Plan is confirmed).
- Who can vote on or object to the Plan.
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan.
- Why [the Proponent] believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation.

- The effect of confirmation of the Plan.

## **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

The Court has not yet confirmed the Plan. This section describes the procedures under which the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan/Approve Adequate of Disclosure Statement. The hearing at which the Court will consider confirmation of the Plan and determination of the adequacy of disclosure set forth in the Plan will be set by separate notice.

2. Deadline for Voting to Accept or Reject the Plan. If you are entitled to vote to accept or reject the Plan, vote on the enclosed ballot and return the ballot to counsel for Debtor as following: Angela D. Acree, Attorney for Debtor, PO Box 8776, Springfield, Missouri 65801, Phone: 417-343-8548, Email: adacree@8nodebt.com. See section IX.B. below for a discussion of voting eligibility requirements. Your ballot must be received or it will not be counted.

3. Deadline for Objecting to the Adequacy of Disclosure and Confirmation of the Plan. Objections to the adequacy of the disclosures stated in this Plan and to confirmation of the Plan must be filed with the Court and served upon counsel for Debtor by the date specified in the enclosed notice.

4. Identity of Person to Contact for More Information. If you want additional information about the Plan, you should contact Angela D. Acree, Attorney for Debtor, PO Box 8776, Springfield, Missouri 65801, Phone: 417-343-8548, Email: adacree@8nodebt.com.

## **II. BACKGROUND**

### **A. Description and History of the Debtor's Business**

The Debtor is a Missouri corporation which was formed on November 6, 1996. Since 1996 the Debtor has been in the business of purchasing trucks on financing terms and selling the trucks to drivers on lease/purchase arrangements. Debtor has 6 employees. Mike and Rachel Moss administer the leasing of vehicles, receipt on income, and distribution of funds to secured creditors and are responsible for the general operation of the daily business.

### **B. Insiders of the Debtor**

Mike and Rachel Moss are insiders of Debtor as defined in Code §101(31). Since the inception of this case, Debtor has paid \$10,000 monthly salary to these insiders as compensation for their work performed in the ongoing operations of the business. The amount paid as employee salary is fair and equitable for the work performed and the value added to the business.

### **C. Management of the Debtor Before and During the Bankruptcy**

During the two years before the Debtor's bankruptcy petition was filed, the officers,

directors, managers or other persons in control of the Debtor (collectively, the "Managers") were Mike and Rachel Moss.

**D. Events Leading to the Debtor's Chapter 11 Filing**

In Debtor's ordinary course of business, Debtor had purchased a considerable number of trucks that had a Cummins engine that contained a defective design in its fuel pump. At approximately 500,000 miles on the engine, the ceramic rod in the fuel pump disintegrated and damaged or destroyed the engines in the trucks. Cummins knew about the defect and sent out a recall notice to its principal distributors but Starport Transportation, Inc. was a smaller operation and never received the recall notice. At first, only one engine per month was failing and then just prior to Debtor discovering the issue with the design defect in the fuel pumps, about two per week were failing. These leased trucks were in many cases abandoned where they failed by the lessees. Starport Transportation had weathered the biggest part of the crisis by an infusion of capital from the principals, but at the end was not able to keep paying the underlying secured creditors while retrieving and repairing the trucks, causing Debtor to default in secured obligations. Debtor filed this reorganization on February 28, 2017 in the face of potential repossessions of the trucks and to provide for the orderly repayment of debt on an equitable basis to all creditors.

**E. Significant Events During the Bankruptcy Case**

- On March 23, 2017, the court approved the employment of counsel for Debtor in these proceedings.
- Debtor has entered into court approved adequate protection agreements with all secured creditors, pending the terms of Debtor's plan of reorganization. The terms of the treatment of secured creditors is contained in E below. Debtor has surrendered the collateral securing the debt owed to MHC Financial in full and complete satisfaction of its claim against Debtor and its personal guaranty claims against the Managers.

**F. Projected Recovery of Avoidable Transfers**

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions.

**G. Claims Objections**

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are stated in Article IV of the Plan.

**H. Current and Historical Financial Conditions**

Debtor's report of current and its projection of future income is found in exhibit A attached.

**III. THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

**A. What is the Purpose of the Plan of Reorganization?**

As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan.

**B. Explanation of Classes of Claims and Equity Interests**

1. Classes of Secured Claims. Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under Code § 506. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

2. Classes of Priority Unsecured Claims. Certain priority claims that are referred to in Code §§ 507(a)(1), (4), (5), (6), and (7) are required to be placed in classes. The Code requires that each holder of such a claim receive cash on the effective date of the Plan equal to the allowed amount of such claim. However, a class of holders of such claims may vote to accept different treatment.

3. General Unsecured Claims. General unsecured claims are not secured by property of the estate and are not entitled to priority under Code § 507(a).

4. Equity Interest Holders. Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder.

**C. Overview - Summary of Plan**

Debtor commenced its adequate protection payments to creditors in April, 2017. With the exception of MHC, Debtor negotiated its Adequate Protection Payments with each creditor and an Adequate Protection Payment agreement was filed with the court. Payments under the plan have been either pre-negotiated with the creditor per the Adequate Protection Payment stipulation or has been proposed in this plan based on the current fair market value of the vehicle and an interest rate to be paid over three (3) years.

For the period of November 2017 through November, 2022, Debtor will pay \$1,500.00 per month to allowed 11 USC §506(b) claims, and, after such claims are paid as allowed, then to unsecured claims on a pro rata basis. In the event that income from operations is not sufficient to pay \$1,500.00 per month to these creditors, Debtor shall pay the net from operations after overhead and secured creditor payments first to §506(b) claims, then pro rata to unsecured claims.

**D. Treatment of Unclassified Claims**

Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that

required by the Code. Accordingly, the Plan Proponent has not placed the following claims in any class:

1. Administrative Expenses. Administrative expenses are costs or expenses of administering the Debtor's chapter 11 case which are allowed under Code § 507(a)(2). Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires that each administrative expense claim be paid on the effective date of the Plan, unless the holder of the claim agrees to a different treatment. As reflected below, each holder of an administrative expense claim allowed under Code § 503 will be paid in full on the effective date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

The following chart lists the Debtor's estimated administrative expenses and their treatment under this Plan:

Type	Estimated Amount Owed	Proposed Treatment
Expenses Arising in the Ordinary Course of Business After the Petition Date	None known.	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	None known.	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court	\$20,000.	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan.
Clerk's Office Fees	None known.	Paid in full on the effective date of the Plan
Other administrative expenses	None known.	Paid in full on the effective date of the Plan or according to separate written agreement

Office of the U.S. Trustee Fees	Currently unknown.	The Debtor shall pay all outstanding amounts due the United States Trustee upon confirmation and, on and after the Confirmation Date, Debtor shall be liable for, and shall pay the fees due the United States Trustee pursuant to 28 U.S.C. Section 1930(a)(6) until the entry of a final decree in this case or until the case is converted or dismissed. After confirmation, Debtor shall file with the Court, and serve on the United States Trustee, a monthly financial report for each month (or portion thereof) the case remains open.
<b>TOTAL</b>	<b>\$20,000</b>	

2 Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by Code § 507(a)(8). Unless the holder of such a § 507(a)(8) priority tax claim agrees otherwise, it must receive the present value of such claim, in regular installments paid over a period not exceeding 5 years from the order of relief.

The following chart lists the Debtor's estimated § 507(a)(8) priority tax claims and their proposed treatment under the Plan:

Description (name and type of tax)	Estimated Amount Owed	Date of Assessment	Treatment
Missouri Department of Revenue	\$5900	12/11/2014	\$165 per month for 36 months
Internal Revenue Service	\$959.25	3/31/2017	\$95 per month for 10 months

**E. Treatment of Classified Claims and Interests.**

1. Class 1: Secured Claims. For purposes of voting, each subclass of Class 1 is a separate and distinct class. Each creditor shall retain its lien on the collateral pending the treatment to be afforded the creditor herein. Subject to final review of this claim for classification, perfection, and the amount of the claim asserted, Debtor shall continue making the monthly adequate protection payments as ordered by the court until 36 monthly payments have been made to the creditor whereupon the creditors lien shall be released. Any unsecured deficiency claim will be paid pursuant to Class II, Unsecured Claims. Any claim for 11 U.S.C. §506(b) fees, costs or charges will only be allowed after due application to the court for the allowance of the same. Applications under §506(b) must be filed within 45 days from the effective date of confirmation. If the court approves such fees, costs or charges, they will be paid over the remaining life of the treatment to be afforded the creditor seeking said allowance and deducted from the distribution to be made to Class 2, unsecured claims.

Class 1a. Larson Group successor in interest to Capital Lending. Pay to value as per chart.

	VIN	Year	Make	Model	Value	APR	Term	Payment
1	1XP7D49X6BD121779	2011	Peterbilt	387	\$15,000.00	6.29	24	\$666.77
2	1XP7D49X0BD121857	2011	Peterbilt	387	\$19,000.00	6.29	24	\$844.58
3	1XP7D49X7BD121824	2011	Peterbilt	387	\$8,000.00	6.29	24	\$355.61
4	1XP7D49X1BD121852	2011	Peterbilt	387	\$20,000.00	6.29	24	\$899.03
5	1XP4DP9XXED223112	2014	Peterbilt	587	\$49,500.00	6.29	48	\$1,169.10
6	1XP4D49X7CD123688	2012	Peterbilt	587	\$23,000.00	6.29	36	\$702.73
7	1XP4D49X9CD123689	2012	Peterbilt	587	\$10,000.00	6.29	36	\$305.54
8	1XP4D49X4CD123728	2012	Peterbilt	587	\$25,000.00	6.29	36	\$763.84
9	1XP4D49XXCD123734	2012	Peterbilt	587	\$30,000.00	6.29	36	\$916.61
10	1XP4D49X7CD123738	2012	Peterbilt	587	\$26,000.00	6.29	36	\$794.39
11	1XP4D49X1CD123752	2012	Peterbilt	587	\$30,000.00	6.29	36	\$916.61
12	1XKAD49X8CJ324638	2012	Kenworth	T660	\$10,000.00	6.29	36	\$305.54
13	1XP4D49X1CD123623	2012	Peterbilt	587	\$15,000.00	6.29	36	\$458.34
14	1XP4D49X2CD123694	2012	Peterbilt	587	\$27,000.00	6.29	36	\$824.94
15	1XP4D49XXCD123703	2012	Peterbilt	587	\$27,000.00	6.29	36	\$824.94
16	1XP4D49XXCD123720	2012	Peterbilt	587	\$27,000.00	6.29	36	\$824.94
17	1XP4D49X6CD123746	2012	Peterbilt	587	\$28,000.00	6.29	36	\$855.50
18	1XP4DP9X2ED220348	2014	Peterbilt	587	\$49,500.00	6.29	48	\$1,169.10
19	1XP4DP9X9ED220377	2014	Peterbilt	587	\$47,500.00	6.29	48	\$1,121.87
20	1XP4DP9X9ED223084	2014	Peterbilt	587	\$47,500.00	6.29	48	\$1,121.87
21	1XP4DP9X1ED220356	2014	Peterbilt	587	\$47,500.00	6.29	48	\$1,121.87
22	1XPXD49X3DD195194	2013	Peterbilt	389	\$62,500.00	6.29	48	\$1,476.14
23	1XP4DP9X9ED220346	2014	Peterbilt	587	\$49,500.00	6.29	48	\$1,169.10
								\$19,608.96

Class 1b. Webster Capital Corporation. Pay per agreement.

<u>VIN</u>	<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Value</u>	<u>APR</u>	<u>Term</u>	<u>Payment</u>
1XP4D49X9CD123725	2012	Peterbilt	587	\$21,000.00		36	
1XP4D49X6CD123617	2012	Peterbilt	587	\$15,000.00		36	
1XP4D49X7CD123772	2012	Peterbilt	587	\$19,500.00		36	
							\$ 2,125.00

Class 1c. BMO. Pay to value as per chart below.

	<u>VIN</u>	<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Value</u>	<u>APR</u>	<u>Term</u>	<u>Payment</u>
1	1XP4D49X0CD123614	2012	Peterbilt	587	\$21,900.00	6.00	36	\$666.24
2	1XP4D49X9CD123742	2012	Peterbilt	587	\$20,000.00	6.00	36	\$608.44
3	1XP4D49X7CD123660	2012	Peterbilt	587	\$19,500.00	6.00	36	\$593.23
4	1XP4D49X5CD123673	2012	Peterbilt	587	\$20,500.00	6.00	36	\$623.65
5	1XP4D49X7CD123741	2012	Peterbilt	587	\$24,400.00	6.00	36	\$742.30
6	1XP4D49X2CD123744	2012	Peterbilt	587	\$19,600.00	6.00	36	\$596.27
7	1XP4D49X2CD123579	2012	Peterbilt	587	\$14,800.00	6.00	36	\$450.24
8	1XP7D49XXBD121803	2011	Peterbilt	387	\$12,000.00	6.00	24	\$531.85
9	1XP7D49X8BD121833	2011	Peterbilt	387	\$13,750.00	6.00	24	\$609.41
10	1XP7D49X6BD121815	2011	Peterbilt	387	\$13,000.00	6.00	24	\$576.17
								\$5,997.80

Class 1d. Central Bank. Pay to value as per chart below.

	<u>VIN</u>	<u>Year</u>	<u>Make</u>	<u>Model</u>	<u>Value</u>	<u>APR</u>	<u>Term</u>	<u>Payment</u>
1	1FUJBCK07LX04160	2012	Peterbilt	587	\$7,500.00	5.00	36	\$224.78
2	1FUJBCK37LV91367	2012	Peterbilt	587	\$7,500.00	5.00	36	\$224.78
3	1FUJBCK67LX04101	2012	Peterbilt	587	\$7,500.00	5.00	36	\$224.78
4	1FUJBCK77LV91565	2012	Peterbilt	587	\$7,800.00	5.00	36	\$233.77
5	1FUJBCK97LV91583	2012	Peterbilt	587	\$4,000.00	5.00	36	\$119.88
6	1FUJBCKX7LX03940	2012	Peterbilt	587	\$7,500.00	5.00	36	\$224.78
								\$1,252.77



	Description	Value	APR	Term	Payment
1	Line of Credit for Building	\$175,000.00	5.00	360	\$729.17

Class 2: Unsecured Claims. In order to share in a dividend, unsecured creditors must file a proof of claim to assert their unsecured claim within 45 days from the effective date of confirmation. Subject to final review of these claims for classification, and the amount of the claim asserted, for the period of November 2017 through November 2020, Debtor will pay \$1500.00 per month to allowed 11 USC §506(b) claims, and, after such claims are paid as allowed, then to unsecured claims on a pro rata basis. In the event that income from operations is not sufficient to pay \$1500.00 per month to these creditors, Debtor shall pay the net from operations after overhead and secured creditor payments first to §506(b) claims, then pro rata to unsecured claims. Debtor will make these distributions in quarterly installments. Assuming Debtor’s plan is confirmed, the first quarterly payment will be on or before March 31, 2018 (for the months of November 2017 through March 2018). Debtor reserves the right to prepay this class. Should Debtor prepay any quarterly payments, Debtor shall receive correlating credit toward any future required quarterly payment. Debtor shall be the Plan administrator and disbursing agent and shall make such interim distributions to the holders of class claims on or before the date due and continuing quarterly thereafter during the distribution period until the claimants receive the treatment afforded them in this class.

3. Class 3: Equity Interests in the Debtor. Equity interests shall retain their interest in the Debtor.

**F. TREATMENT OF U.S. TRUSTEE FEES**

All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

**IV. ALLOWANCE AND DISALLOWANCE OF CLAIMS**

**A. Disputed Claims**

A disputed claim is a claim that has not been allowed or disallowed [by a final non-appealable order], and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or liquidated.

No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

**B. Settlement of Disputed Claims**

- The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

**V. PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

There are no known executory contracts and/or unexpired leases.

**VI. GENERAL PROVISIONS**

**A. Definitions and Rules of Construction**

The definitions and rules of construction stated in Code §§ 101 and 102 apply when terms defined or construed in the Code are used in this Plan.

**B. Effective Date of Plan**

The effective date of this Plan is the eleventh business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, unless the confirmation order has been vacated.

**C. Severability**

If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

**D. Binding Effect**

The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns of such entity.

**E. Captions**

The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

**VII. MEANS OF IMPLEMENTING THE PLAN**

**A. Source of Payments**

Payments and distributions under the Plan will be funded by ongoing operations.

**B. Post-Confirmation Management**

The Post-Confirmation Managers of the Debtor will remain unchanged.

**C. Tax Consequences of Plan**

Creditors and equity interest holders concerned with how the Plan may affect their tax liability should consult with their accountants, attorneys, or advisors. There are no anticipated tax consequences of the Plan.

**IX. CONFIRMATION REQUIREMENTS AND PROCEDURES**

**A. Overview of Requirements**

To be confirmable, the Plan must meet the requirements listed in Code §§ 1129(a) or (b). These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in Code § 1129, and they are not the only requirements for confirmation.

**B. Who May Vote or Object**

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

**C. What Is an Allowed Claim or an Allowed Equity Interest?**

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court overrules the objection or allows the claim or equity interest for voting purposes under Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was July 1, 2010. The deadline for filing unsecured claims based on the treatment to be afforded secured creditors herein will be 45 days from the effective date of confirmation.

**D. What Is an Impaired Claim or Impaired Equity Interest?**

As noted above, the holder of an allowed claim or equity interest has the right to vote only

if it is in a class that is impaired under the Plan. As provided in Code § 1124, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

**E. Who is Not Entitled to Vote**

The following types of creditors and equity interest holders are not entitled to vote:

1. Holders of Claims and equity interests that have been disallowed by an order of the Court.
2. Holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
3. Holders of claims or equity interests in unimpaired classes.
4. Holders of claims entitled to priority pursuant to Code §§ 507(a)(2), (a)(3), and (a)(8).
5. Holders of claims or equity interests in classes that do not receive or retain any value under the Plan.
6. Holders of administrative expenses.

Even if you are not entitled to vote on the plan, you have a right to object to the confirmation of the plan.

**F. Who Can Vote in More Than One Class**

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

**G. Votes Necessary to Confirm the Plan**

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed below in section G.2.

1. **Votes Necessary for a Class to Accept the Plan.** A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan. A class of equity interests accepts the Plan if the holders of at least two-thirds in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. **Treatment of Nonaccepting Classes.** Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by Code § 1129(b). A Plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of Code § 1129(a)(8), does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not

voted to accept the Plan. You should consult your own attorney if a “cramdown” confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

## **H. Liquidation Analysis**

To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation. Based on the attached Exhibit A, there is no equity beyond each secured creditors’ claim. Thus, only through operation will creditors receive the secured treatment to be afforded them herein, and the proposed unsecured dividend.

The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan.

## **I. Ability to Initially Fund Plan**

The Plan Proponent believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date.

## **J. Ability to Make Future Plan Payments and Operate Without Further Reorganization**

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Plan Proponent has provided projected financial information on the attached Exhibit A. You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

## **X. EFFECT OF CONFIRMATION OF PLAN**

### **A. Discharge**

On the confirmation date of this Plan, the debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in Code § 1141(d)(1)(A), except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; (ii) of a kind specified in Code § 1141(d)(6)(A) if a timely complaint was filed in accordance with Rule 4007(c) of the Federal Rules of Bankruptcy Procedure; or (iii) of a kind specified in Code § 1141(d)(b)(8).

### **B. Modification of Plan**

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the Court may require a new disclosure statement and/or re-voting on the Plan. The Plan Proponent may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

**C. Final Decree**

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

Respectfully Submitted  
Starport Transportation, Inc.

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