

United States Bankruptcy Court

Western District of North Carolina

Voluntary Petition

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| Name of Debtor (if individual, enter Last, First, Middle): Horizon Recovery, Inc. | Name of Joint Debtor (Spouse) (Last, First, Middle): |
| All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): | All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names): |
| Last four digits of Soc. Sec./Complete EIN or other Tax ID No. (if more than one, state all): 20-0163021 | Last four digits of Soc. Sec./Complete EIN or other Tax ID No. (if more than one, state all): |
| Street Address of Debtor (No. and Street, City, and State): 1314-F Patton Avenue Asheville, NC | Street Address of Joint Debtor (No. and Street, City, and State): |
| ZIP Code 28806 | ZIP Code |
| County of Residence or of the Principal Place of Business: Buncombe | County of Residence or of the Principal Place of Business: |
| Mailing Address of Debtor (if different from street address): | Mailing Address of Joint Debtor (if different from street address): |
| ZIP Code | ZIP Code |
| Location of Principal Assets of Business Debtor (if different from street address above): | |

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| Type of Debtor (Form of Organization) (Check one box) | Nature of Business (Check one box) | Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box) |
| <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.) | <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other | <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding |
| Tax-Exempt Entity (Check box, if applicable) <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code). | | Nature of Debts (Check one box) <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts. |

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| Filing Fee (Check one box) <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B. | Chapter 11 Debtors Check one box: <input checked="" type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). Check if: <input checked="" type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,190,000. Check all applicable boxes: <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b). |
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| Statistical/Administrative Information <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors. | THIS SPACE IS FOR COURT USE ONLY | | | | | | | | | | | | | | | | | | | | |
| Estimated Number of Creditors | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%;"> <tr> <td>1-49</td> <td>50-99</td> <td>100-199</td> <td>200-999</td> <td>1000-5,000</td> <td>5001-10,000</td> <td>10,001-25,000</td> <td>25,001-50,000</td> <td>100,001-100,000</td> <td>OVER 100,000</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table> | 1-49 | 50-99 | 100-199 | 200-999 | 1000-5,000 | 5001-10,000 | 10,001-25,000 | 25,001-50,000 | 100,001-100,000 | OVER 100,000 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 1-49 | 50-99 | 100-199 | 200-999 | 1000-5,000 | 5001-10,000 | 10,001-25,000 | 25,001-50,000 | 100,001-100,000 | OVER 100,000 | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | |
| Estimated Assets | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%;"> <tr> <td><input type="checkbox"/> \$0 to \$10,000</td> <td><input checked="" type="checkbox"/> \$10,001 to \$100,000</td> <td><input type="checkbox"/> \$100,001 to \$1 million</td> <td><input type="checkbox"/> \$1,000,001 to \$100 million</td> <td><input type="checkbox"/> More than \$100 million</td> </tr> </table> | <input type="checkbox"/> \$0 to \$10,000 | <input checked="" type="checkbox"/> \$10,001 to \$100,000 | <input type="checkbox"/> \$100,001 to \$1 million | <input type="checkbox"/> \$1,000,001 to \$100 million | <input type="checkbox"/> More than \$100 million | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> \$0 to \$10,000 | <input checked="" type="checkbox"/> \$10,001 to \$100,000 | <input type="checkbox"/> \$100,001 to \$1 million | <input type="checkbox"/> \$1,000,001 to \$100 million | <input type="checkbox"/> More than \$100 million | | | | | | | | | | | | | | | | | |
| Estimated Liabilities | | | | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%;"> <tr> <td><input type="checkbox"/> \$0 to \$50,000</td> <td><input type="checkbox"/> \$50,001 to \$100,000</td> <td><input checked="" type="checkbox"/> \$100,001 to \$1 million</td> <td><input type="checkbox"/> \$1,000,001 to \$100 million</td> <td><input type="checkbox"/> More than \$100 million</td> </tr> </table> | <input type="checkbox"/> \$0 to \$50,000 | <input type="checkbox"/> \$50,001 to \$100,000 | <input checked="" type="checkbox"/> \$100,001 to \$1 million | <input type="checkbox"/> \$1,000,001 to \$100 million | <input type="checkbox"/> More than \$100 million | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> \$0 to \$50,000 | <input type="checkbox"/> \$50,001 to \$100,000 | <input checked="" type="checkbox"/> \$100,001 to \$1 million | <input type="checkbox"/> \$1,000,001 to \$100 million | <input type="checkbox"/> More than \$100 million | | | | | | | | | | | | | | | | | |

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| Voluntary Petition <i>(This page must be completed and filed in every case)</i> | | Name of Debtor(s): Horizon Recovery, Inc. | |
| All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet) | | | |
| Location Where Filed: - None - | Case Number: | Date Filed: | |
| Location Where Filed: | Case Number: | Date Filed: | |
| Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet) | | | |
| Name of Debtor: - None - | Case Number: | Date Filed: | |
| District: | Relationship: | Judge: | |
| <div style="text-align: center; padding: 5px;">Exhibit A</div> <p>(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)</p> <p><input type="checkbox"/> Exhibit A is attached and made a part of this petition.</p> | | <div style="text-align: center; padding: 5px;">Exhibit B</div> <p>(To be completed if debtor is an individual whose debts are primarily consumer debts.)</p> <p>I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).</p> <p>X _____ Signature of Attorney for Debtor(s) (Date)</p> | |
| Exhibit C | | | |
| Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety? | | | |
| <input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition. <input checked="" type="checkbox"/> No. | | | |
| Exhibit D | | | |
| (To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.) | | | |
| <input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition. | | | |
| If this is a joint petition: | | | |
| <input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition. | | | |
| Information Regarding the Debtor - Venue (Check any applicable box) | | | |
| <input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District. | | | |
| <input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District. | | | |
| <input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District. | | | |
| Statement by a Debtor Who Resides as a Tenant of Residential Property (Check all applicable boxes) | | | |
| <input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.) | | | |
| _____ (Name of landlord that obtained judgment) | | | |
| _____ (Address of landlord) | | | |
| <input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and | | | |
| <input type="checkbox"/> Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition. | | | |

Voluntary Petition*(This page must be completed and filed in every case)*

Name of Debtor(s):

Horizon Recovery, Inc.**Signatures****Signature(s) of Debtor(s) (Individual/Joint)**

I declare under penalty of perjury that the information provided in this petition is true and correct.
 [If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.
 [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
 Signature of Debtor

X _____
 Signature of Joint Debtor

 Telephone Number (If not represented by attorney)

 Date

Signature of Attorney

X /s/ R. Kelly Calloway, Jr.
 Signature of Attorney for Debtor(s)

R. Kelly Calloway, Jr. 19860
 Printed Name of Attorney for Debtor(s)

Calloway & Associates Law Firm, P.C.
 Firm Name

318 N. Main Street, Suite 9
Hendersonville, NC 28792

 Address

(828) 696-8660 Fax: (828) 696-8683
 Telephone Number

July 17, 2007
 Date

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X /s/ Paul T. Kessler, III
 Signature of Authorized Individual

Paul T. Kessler, III
 Printed Name of Authorized Individual

President
 Title of Authorized Individual

July 17, 2007
 Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

☐ Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X _____
 Signature of Foreign Representative

 Printed Name of Foreign Representative

 Date

Signature of Non-Attorney Bankruptcy Petition Preparer

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19B is attached.

 Printed Name and title, if any, of Bankruptcy Petition Preparer

 Social Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

 Address

X _____
 Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.

**United States Bankruptcy Court
Western District of North Carolina**

In re **Horizon Recovery, Inc.**

Debtor(s)

Case No.

Chapter **11**

DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR(S)

1. Pursuant to 11 U.S.C. § 329(a) and Bankruptcy Rule 2016(b), I certify that I am the attorney for the above-named debtor and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows:

| | | |
|------------------------------------------------------------|----|-------------------------|
| For legal services, I have agreed to accept..... | \$ | <u>25,000.00</u> |
| Prior to the filing of this statement I have received..... | \$ | <u>1,961.00</u> |
| Balance Due..... | \$ | <u>23,039.00</u> |

2. \$ **1,039.00** of the filing fee has been paid.

3. The source of the compensation paid to me was:

☒ Debtor ☐ Other (specify):

4. The source of compensation to be paid to me is:

☒ Debtor ☐ Other (specify):

5. ☒ I have not agreed to share the above-disclosed compensation with any other person unless they are members and associates of my law firm.

☐ I have agreed to share the above-disclosed compensation with a person or persons who are not members or associates of my law firm. A copy of the agreement, together with a list of the names of the people sharing in the compensation is attached.

6. In return for the above-disclosed fee, I have agreed to render legal service for all aspects of the bankruptcy case, including:

- a. Analysis of the debtor's financial situation, and rendering advice to the debtor in determining whether to file a petition in bankruptcy;
- b. Preparation and filing of any petition, schedules, statement of affairs and plan which may be required;
- c. Representation of the debtor at the meeting of creditors and confirmation hearing, and any adjourned hearings thereof;
- d. [Other provisions as needed]

Negotiations with secured creditors to reduce to market value; exemption planning; preparation and filing of reaffirmation agreements and applications as needed.

7. By agreement with the debtor(s), the above-disclosed fee does not include the following service:

Representation of the debtors in any dischargeability actions, judicial lien avoidances, relief from stay actions or any other adversary proceeding; preparation and filing of motions pursuant to 11 USC 522(f)(2)(A) for avoidance of liens on household goods.

CERTIFICATION

I certify that the foregoing is a complete statement of any agreement or arrangement for payment to me for representation of the debtor(s) in this bankruptcy proceeding.

Dated: **July 17, 2007**

/s/ R. Kelly Calloway, Jr.

**R. Kelly Calloway, Jr. 19860
Calloway & Associates Law Firm, P.C.
318 N. Main Street, Suite 9
Hendersonville, NC 28792
(828) 696-8660 Fax: (828) 696-8683**

**United States Bankruptcy Court
Western District of North Carolina**

In re **Horizon Recovery, Inc.**

Debtor(s)

Case No. _____

Chapter

11

CORPORATE OWNERSHIP STATEMENT (RULE 7007.1)

Pursuant to Federal Rule of Bankruptcy Procedure 7007.1 and to enable the Judges to evaluate possible disqualification or recusal, the undersigned counsel for **Horizon Recovery, Inc.** in the above captioned action, certifies that the following is a (are) corporation(s), other than the debtor or a governmental unit, that directly or indirectly own(s) 10% or more of any class of the corporation's(s') equity interests, or states that there are no entities to report under FRBP 7007.1:

Kathy H. Kessler
664 Blythe Street
Hendersonville, NC 28792

Paul Kessler, III
664 Blythe Street
Hendersonville, NC 28792

☐ None [*Check if applicable*]

July 17, 2007

Date

/s/ R. Kelly Calloway, Jr.

R. Kelly Calloway, Jr. 19860

Signature of Attorney or Litigant
Counsel for **Horizon Recovery, Inc.**
Calloway & Associates Law Firm, P.C.

318 N. Main Street, Suite 9
Hendersonville, NC 28792
(828) 696-8660 Fax:(828) 696-8683