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UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA

In re:) Case No. 16-14024-ABL
)
Allen M. Schwartz,) Chapter 11
)
Debtor.) Hearing Date:
_____) Hearing Time:

DISCLOSURE STATEMENT

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I. INTRODUCTION

This is the Disclosure Statement (the “**Disclosure Statement**”) in the chapter 11 case of Allen M. Schwartz (the “**Debtor**”). This Disclosure Statement contains information about the Debtor and describes his Plan of Reorganization (the “**Plan**”) filed on October __, 2016, in accordance with the United States Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”). A full copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.

YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

The proposed distributions under the Plan are discussed at pages 6-9 of this Disclosure Statement. Secured creditors are sub-divided into 4 Classes within Class 1. Unsecured creditors are classified in 4 separate classes, which include Class 2 (Priority Unsecured), Class 3 (General Unsecured Creditors) Class 4 (Mark Segal Claims), and Class 5 (Deutsche Bank ELT). General Unsecured Creditors may receive an estimated distribution of up to 34% of their allowed claims (the “**Unsecured Creditors’ Distribution**”), to be distributed in accordance with Section 1129(a)(15), if at all, as more fully set forth herein, by the Debtor (the “**Distribution Agent**”). The Distribution Agent will be authorized to hire attorneys to object to proofs of claim, if necessary, and to collect a reasonable fee for administering the Debtor’s post confirmation estate.

PURPOSE OF THIS DOCUMENT

This Disclosure Statement describes:

- The Debtor and the significant events during the bankruptcy case;
- How the Plan proposes to treat claims of the type you hold (i.e., what you will receive for your claim 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 Debtor believe the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in liquidation; and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the confirmed Plan itself that will establish and control your rights.

Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed. In addition, included with this Disclosure Statement is the Notice of Confirmation, which describes the objection deadlines and important Court dates relevant here.

Time and Place of the Hearing to Confirm the Plan.

The Court will hold a hearing on _____, 2017 at _____ to determine whether to confirm the Plan, in Courtroom 1, at the United States Bankruptcy Court for the District of Nevada, 300 South Las Vegas Boulevard, Las Vegas, Nevada, 89101.

Deadline for Voting to Accept or Reject the Plan.

If you are entitled to vote to accept or reject the Plan, enclosed is a ballot describing your claim. Please complete the ballot, as indicated, and return the ballot to the Debtor’s counsel, The Schwartz Law Firm, Inc., 6623 Las Vegas Boulevard, South, Suite 300, Las Vegas, Nevada, 89119, Attn: Samuel A. Schwartz, Esq. See section IV.A. below for a discussion of the voting eligibility requirements.

Your ballot must be received by _____, 2017, or it will **NOT** be counted.

Deadline for Objecting to Confirmation of the Plan.

Objections to the confirmation of the Plan must be filed with the Court and served upon (a) the Debtor's counsel, The Schwartz Law Firm, Inc., 6623 Las Vegas Boulevard, South, Suite 300, Las Vegas, Nevada, 89119, Attn: Samuel A. Schwartz, Esq. and (b) The Office of the United States Trustee by _____, 2017.

This is an individual Chapter 11 bankruptcy case. Therefore, if the holder of an allowed unsecured claim objects to confirmation of the Plan pursuant to Section 1129(a)(15) of the Bankruptcy Code, such creditor will be entitled to receive either (a) the value of the property to be distributed under the Plan, or (b) the projected disposable income of the Debtor (as set forth in Section 1325(b)(2) of the Bankruptcy Code) to be paid during the 5 year period beginning after confirmation of the Plan. The Debtor's proposed payment under the plan and in accordance Section 1129(a)(15) of the Bankruptcy Code is set forth in **Exhibit C**.

THE DEBTOR SUBMITS THAT HE IS NOT RETAINING ANY NON-EXEMPT ASSETS THROUGH THIS CHAPTER 11 PLAN. ACCORDINGLY, THE DEBTOR SUBMITS THE "ABSOLUTE PRIORITY RULE" – AS DEFINED IN _____, DOES NOT APPLY IN THIS CASE.

IF NO OBJECTIONS ARE LODGED, THE DEBTOR MAY ELECT NOT TO MAKE ANY DISTRIBUTIONS TO GENERAL UNSECURED CREDITORS.

Identity of Person to contact for more information.

If you want additional information about the Plan, you should contact the Debtor's counsel, Schwartz Flansburg PLLC, 6623 Las Vegas Boulevard, South, Suite 300, Las Vegas, Nevada, 89119, Attn: Samuel A. Schwartz, Esq.

DISCLAIMER

THE COURT APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO ENABLE PARTIES AFFECTED BY THE PLAN TO MAKE AN INFORMED DECISION ABOUT ITS TERMS. THE COURT HAS NOT YET DETERMINED WHETHER THE PLAN MEETS THE LEGAL REQUIREMENTS FOR CONFIRMATION, AND THE FACT THAT THE COURT APPROVED THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE COURT, OR A RECOMMENDATION THAT IT BE ACCEPTED.

II. BACKGROUND

Description and history of the Debtor's Business

Allen Schwartz is a married man living in Las Vegas, Nevada. Mr. Schwartz is a medical doctor who came to Las Vegas, Nevada in the 1990s to start his medical practice. The Debtor

operates as an employee, does not own his own business. As such, the Debtor's operations are straight forward. The Debtor elected to file this Chapter 11 case to resolve certain outstanding debt, beginning with moneys owed to the Internal Revenue Service.

The Debtor filed a prior Chapter 11 case in 2009, Case No. 09-30573-BTB, however due to certain inconsistencies in the Debtor's prior bankruptcy, his Chapter 11 plan was not paid in full, and that case was dismissed on August 9, 2013. Accordingly, the Debtor filed this Chapter 11 case to resolve the open issues from the first case, finalize his payment schedule with the Internal Revenue Service, and reorganize his exempt assets. The Debtor also has student loan debt to manage.

The Debtor does not own significant assets. His assets include (a) his primary residence and homestead, (b) 2 cars, one of which his wife drives, and (c) his household furniture and clothing. Outside of his personal income as a physician, the Debtor does not have any retirement accounts or other significant assets to satisfy the debts of his creditors.

THE DEBTOR SUBMITS THAT HE IS NOT RETAINING ANY NON-EXEMPT ASSETS THROUGH THIS CHAPTER 11 PLAN. ACCORDINGLY, THE DEBTOR SUBMITS THE "ABSOLUTE PRIORITY RULE" – AS DEFINED IN _____, DOES NOT APPLY IN THIS CASE.

Insiders of the Debtor

The Debtor is an individual with little or no payments to insiders. The majority of his excess income is used to pay for and carry his personal expenses and medical practice.

Management of the Debtor before and During the Bankruptcy

During the time period prior to the date on which the Debtor filed his bankruptcy petition, the Debtor practiced medicine as a physician and as an employee. Therefore, he does not have any officers, directors or managers. Nothing in the plan, however, should be construed to limit the Debtor's personal liability for any secured claims.

Events Leading to Chapter 11 Filing

The Debtor filed bankruptcy to reorganize his debt and resolve open issues from his prior Chapter 11 case. Over the past few years, the Debtor fell further behind with his debt to the Internal Revenue Service, and has an outstanding debt related to a surrendered car in the prior bankruptcy case. The Debtor also has significant student loan debt. As a result, the Debtor was unable to balance his obligations and fell behind in payments to his student lenders and second mortgage. The Debtor is current with payments to the first lender on his residence.

Significant Events During the Bankruptcy Case

The following is a list of the significant events which occurred during the Debtor's Chapter 11 case. Because the Debtor is an individual, his case is not complex. Accordingly, the only material event in this case centers upon the Debtor's efforts to reorganize his secured and priority debt. Accordingly, a list of the significant events in the case follows.

The single most significant occurrence of the Debtor's case is the approval of his 2 Motions To Value Collateral, "Strip Off" And Modify Rights Of Creditors Pursuant To 11 U.S.C. § 506(a) and § 1123 (the "**Motions to Value**"). Through the Motions to Value, the Debtor will be able to right-size the mortgage related to his residential property and 2 vehicles.

To date, the Debtor has only petitioned the Court to retain one professional in the case, which is Schwartz Flansburg PLLC, as Debtor's counsel.

Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference, fraudulent conveyance, or other avoidance actions at this time. The Debtor does not believe any significant transfers occurred during the 2 year period leading up to the filing of this case. Importantly, the majority of the Debtor's significant transfers were the payment of his regular, ongoing debt.

The Debtor does reserve his right, however, to perform and complete an investigation with regard to prepetition transactions. Although he does not believe significant transfers occurred, creditors should be aware that if you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Bankruptcy Code, the Debtor may seek to avoid such transfer.

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 creditors' claims, including those of all parties whose contracts were rejected during the bankruptcy. 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 set forth in Article V of the Plan. As of the date hereof, outside of the Motions to Value, the Debtor only anticipates filing objections to those creditors whose claims are listed as disputed, contingent or unliquidated.

The bar date for proofs of claim in the case is November 23, 2016 (the "**Bar Date**"). The Bar Date is the date after which creditors cannot file a proof of claim in this case. Importantly, if your claim is listed in the Debtor's Schedules of Liabilities, and you agree with the claim amount listed there, you do not need to file a proof of claim in the case. If the Debtor amends his Schedules of Liabilities and your claim is affected, you will have an opportunity to file an objection to any such change.

Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are listed in **Exhibit B**. The value of the assets is based on the valuations performed for each property or asset. In addition, the Debtor reserves the right to re-value the assets prior to final confirmation of the plan to reflect the value of the home at that the time. Therefore, if you are a secured lender, your secured claim may change in connection with confirmation of the Plan if the value of your collateral has fallen

after the hearing on the Motion to Value. **If you are a secured creditor and intend to object to any revised valuation of your collateral based on a re-appraisal, you must file an objection to the Plan. If you are a secured lender subject to a revised appraisal, a copy of the related appraisal will be delivered to you upon filing with the Court. All other parties may receive copies of the Debtor's valuations, if any, upon request of Debtor's counsel.**

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

What is the purpose of the Plan of Reorganization?

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

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. As such, the Debtor did *not* place the following claims in any class:

Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under section 507(a)(2) of the Bankruptcy Code. Administrative expenses also include the value of any goods or services sold to the Debtor in the ordinary course of business. The Bankruptcy Code requires that all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

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

<u>TYPE</u>	<u>ESTIMATED AMOUNT OWED</u>	<u>PROPOSED TREATMENT</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	Current as of the date of filing of the Disclosure Statement.	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	\$35,000.00	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	\$1,717.00	Paid in full on the effective date of the

		Plan.
Other administrative expenses	\$0.00	Paid in full on the effective date of the Plan or according to separate written agreement.
Office of the U.S. Trustee Fees	\$650.00	Paid in full on the effective date of the Plan.
TOTAL	\$37,367.00	Estimated, plus any contingency fees approved by the Court.

Priority Tax Claims

Priority tax claims are unsecured income, employment, and other taxes described by Section 507(a)(8) of the Bankruptcy Code. Unless the holder of such a Section 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.

Classes of Claims

The following are the classes set forth in the Plan, and the proposed treatment that they will receive under the Plan.

Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to set off) to the extent allowed as secured claims under Section 506 of the Bankruptcy Code. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed secured claim, the deficiency will be classified as a general, unsecured claim in Class 3. The Debtor's 4 lien holder's claims are subdivided into Class 1, based upon each lien holders related separate and unique property rights. The unsecured portions of any lien holders' claims against the Debtor, as well as those of general unsecured creditors, are classified in the general unsecured class of Class 3. As a result, each lien holder whose real or personal property is bifurcated against the Debtor's real or personal property, such creditor will receive two ballots, as applicable, for their separate Class 1 and Class 3 claims.

Secured creditors whose notes and mortgage may be modified pursuant to the Plan must elect to have their claims treated under Section 1111(b) of the Bankruptcy Code prior to the conclusion of the hearing of this Disclosure Statement. The failure of any secured creditor to elect to apply Section 1111(b) prior to the conclusion of the Disclosure Statement hearing, may result in the loss of such rights, as set forth in Bankruptcy Rule 3014.

The following chart lists the classes containing the Debtor's secured prepetition claims and their proposed treatment of those claims under the Plan:

Class #	Description	Impairment	Treatment
1(a)	Class 1(a) consists of the Secured Claim of Nationstar, which is secured by a first lien against the Debtor's Residential Property.	Unimpaired	The holder of the allowed Class 1(a) Secured Claim shall be unimpaired and paid in accordance with the underlying terms of the Note and Deed of Trust.
1(b)	Class 1(b) consists of the Secured Claim of Internal Revenue Service against the Debtor.	Impaired	The holder of the allowed Class 1(b) Secured Claim shall be impaired and paid in full in over 60 months.
1(c)	Class 1(c) consists of the Secured Claim of Toyota Financial Services, which is secured by a lien against the Debtor's Toyota Avalon.	Impaired	The holder of the allowed Class 1(c) Secured Claim shall be impaired and the allowed amount of the Holder of the Class 1(c) claim shall be paid in full over 60 months.
1(d)	Class 1(d) consists of Secured Claim of Wells Fargo Dealer Services which is secured by a lien against the Debtor's Toyota Camry.	Impaired	The holder of the allowed Class 1(d) Secured Claim shall be impaired and the allowed amount of the Holder of the Class 1(d) claim shall be paid in full over 60 months.

The Debtor's Plan shall, pursuant to Section 1123(b) of the Bankruptcy Code, provide for the revaluation of the Debtor's assets listed on Exhibit B, in accordance with each property's current market value immediately prior to final confirmation of the plan. If you are a secured creditor, your secured claim may be reduced in accordance with Section 506(a) of the Bankruptcy Code, as of the effective date of the Plan. If you disagree with the revaluation, you should object to the Plan.

To the extent necessary, the Plan shall be treated as a motion and the Confirmation Order will constitute the Bankruptcy Court's finding and determination that the transactions reflected in the Plan are (1) in the best interests of the Debtor, its estate and all Holders of Claims and Equity Interests, (2) fair, equitable and reasonable, (3) made in good faith and (4) approved by the Bankruptcy Court pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rules 9014 and 9019, as each may be applicable.

Priority Unsecured Claims – Class 2

Class 2 shall include certain priority claims that are referred to in Sections 507(a)(1), (4), (5), (6), and (7) of the Bankruptcy Code. The Bankruptcy 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. A class of holders of such claims, however, may vote to accept different treatment. As of the date of this Disclosure Statement, the Debtor does not owe any money to Class 2 creditors.

Classes of General unsecured Claims

General unsecured claims are not secured by property of the estate and are not entitled to priority under Section 507(a) of the Bankruptcy Code.

The following chart identifies the Plan's proposed treatment of Class 3, which contains the general unsecured claims against the Debtor:

Class #	Description	Impairment	Treatment
3	General Unsecured Class, which includes the unsecured portion of the Debtor's second lien holder on the Debtor's primary residence and the holders of liens against the Debtor's 2 vehicles.	Impaired	Payment equals the up to 34% of allowed unsecured claims against the Debtor, and in accordance with Section 1129(a)(15), if any.
4	Non-Dischargeable claims of Mark Segal, Esq.	Impaired	Payment equal to the allowed amount of the claim, paid on the effective date of the plan.
5	Claims of Deutsche Bank ELT Academic Loan Group Inc.	Impaired	Payment equal to the allowed amount of the claim, paid over 60 months, beginning on the effective date of the Plan.

IF NO OBJECTIONS ARE FILED TO THE PLAN, THE DEBTOR MAY ELECT TO MAKE NO DISTRIBUTIONS TO GENERAL UNSECURED CREDITORS AS SET FORTH IN SECTION 1129(A)(15) OF THE BANKRUPTCY CODE. IF CREDITORS DO NOT OBJECT TO THE PLAN AND ELECT TO RECEIVE PAYMENTS IN ACCORDANCE WITH SECTION 1129(A)(15) OF THE BANKRUPTCY CODE, UNSECURED CREDITORS MAY NOT RECEIVE A DISTRIBUTION IN THIS CASE.

Equity Interest of the Debtor

Equity interest holders are parties who hold an ownership interest (i.e., equity interest). 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, the equity interest holders are the members. Finally with respect to an individual who is a debtor, the Debtor is the equity interest holder.

In this case, because the Debtor is an individual, there will not be an issuance of new equity.

Means of Implementing the Plan

Source of Payments

Payments and distributions under the Plan will be funded by the Debtor, based upon his personal income. The Debtor's Cash Flow Analysis is attached hereto as **Exhibit D** and outlines the Debtor's sources and uses of income. Indeed, the math is not complex, inasmuch as the Plan payments described in this Disclosure Statement are based on the sum of his personal income, minus his monthly mortgage payments and personal expenses. The difference between the two amounts is the Debtor proposed monthly Plan payment of two thousand dollars (\$2,000.00).

Method of Plan Payments

On or about the effective date of the Plan, the Debtor will serve as his disbursement agent. Except as otherwise provided in the Plan, upon confirmation, the Debtor shall begin making quarterly distributions under the Plan. The Debtor shall begin, as soon as practical, making pro rata payments to the Debtor's unsecured creditors holding allowed claims, until such claims are paid as set forth in the Plan.

Distributions on Account of Claims Allowed After the Effective Date

Except as otherwise provided in the Plan, or upon the entry of a final, non-appealable order of the Bankruptcy Court, or as agreed to by the relevant parties, distributions under the Plan on account of a disputed claim that becomes an allowed claim after the effective date of the Plan shall begin on the regular quarterly payment date, as established by the Disbursement Agent, which is at least thirty (30) days after such claim becomes an allowed claim.

Notwithstanding anything in the Plan to the contrary, and except as otherwise agreed to by the relevant parties, no partial payments and no partial distributions shall be made with respect to a disputed claim until all such disputes in connection with such disputed claim have been resolved by settlement among the parties or a final order of the Court. In the event that there are disputed claims requiring adjudication and resolution, the Disbursement Agent shall establish appropriate reserves for potential payment of such Claims pursuant to Article VII.B.2 of the Plan.

In no event, however, shall the Disbursement Agent be held liable for any failures of the Debtor to make any of his payments required under the Plan, in the event the Disbursement Agent is an entity other than the Debtor. As of the date hereof, it is anticipated the Debtor and the Disbursement Agent shall be the same party.

Undeliverable Distributions

Holding of Certain Undeliverable Distributions. If any distribution to a holder of an allowed claim made in accordance herewith is returned to the reorganized debtor (or the distribution agent) as undeliverable, no further distributions shall be made to such holder unless and until the reorganized debtor (or the distribution agent) is notified in writing of such holder's then current address, at which time all currently due missed distributions shall be made to such holder on the next periodic distribution date. Undeliverable distributions shall remain in the possession of the reorganized debtor, until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any additional interest, dividends or other accruals of any kind on account of their distribution being undeliverable.

Failure to Claim Undeliverable Distributions. If appropriate, the reorganized debtor shall file with the bankruptcy court a list of the holders of undeliverable distributions. This list shall be maintained and updated periodically in the sole discretion of the reorganized debtor for as

long as the chapter 11 case stays open. any holder of an allowed claim, irrespective of when a claim becomes an allowed claim, that does not notify the reorganized debtor of such holder's then current address in accordance herewith within the latest of (i) one year after the effective date, (ii) 60 days after the attempted delivery of the undeliverable distribution and (iii) 180 days after the date such claim becomes an allowed claim, shall have its claim for such undeliverable distribution discharged and shall be forever barred, estopped and enjoined from asserting any such claim against the reorganized debtor or its property. In such cases, (i) any cash or equity interest held for distribution on account of allowed claims shall be redistributed to holders of allowed claims in the applicable class on the next periodic distribution date and (ii) any cash held for distribution to other creditors shall be deemed unclaimed property under section 347(b) of the bankruptcy code and become property of the reorganized debtor, free of any claims of such holder with respect thereto. Nothing contained in the plan shall require the reorganized debtor to attempt to locate any holder of an allowed claim.

Failure to Present Checks. Checks issued by the distribution agent on account of allowed claims shall be null and void if not negotiated within 180 days after the issuance of such check. In an effort to ensure that all holders of allowed claims receive their allocated distributions, if necessary, the reorganized debtor shall file with the bankruptcy court a list of the holders of any un-negotiated checks. This list shall be maintained and updated periodically in the sole discretion of the reorganized debtor for as long as the chapter 11 case stays open. Requests for reissuance of any check shall be made directly to the distribution agent by the holder of the relevant allowed claim with respect to which such check originally was issued. any holder of an allowed claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within 240 days after the date of mailing or other delivery of such check shall have its claim for such un-negotiated check discharged and be discharged and forever barred, estopped and enjoined from asserting any such claim against the reorganized debtor or its property. In such cases, any cash held for payment on account of such claims shall be property of the reorganized debtor, free of any claims of such holder with respect thereto. Nothing contained in the plan shall require the reorganized debtor to attempt to locate any holder of an allowed claim.

Post-confirmation Management

The Debtor will manage his property post-petition in the ordinary course. He will be authorized to enter into, terminate and renew agreements as he sees fit.

Risk Factors

The significant risk related to the Debtor's Plan is, should the Debtor become unemployed during the course of his Plan he would become unable to make his Plan payments. The Debtor is a physician; his income is stable, however, should his employment status change or his hours reduced, making his Plan payments could become impossible.

Executory Contracts and Unexpired Leases

The Plan, in **Exhibit 2**, lists all executed contracts and unexpired leases the Debtor will assume under the Plan. Assumption means that the Debtor have elected to continue to perform

the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. **Exhibit 2** also lists how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executive contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court sets an earlier time.

All executory contracts and unexpired leases that are not listed in **Exhibit 2** will be rejected under the Plan. Consult your advisor or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract is November 23, 2016. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

Tax Consequences of Plan

Creditors Concerned with How the Plan May Affect Their Tax Liability Should Consult with their own Accountants, Attorneys, and/or Advisors.

The Debtor does not anticipate any adverse tax consequences to his estate from the Plan. To the extent the Debtor receives any debt forgiveness income related to this Chapter 11 case, such income would not be taxable under Section 108(a)(1) of the Internal Revenue Code, 26 U.S.C. §§ 1, *et seq.*

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in Section 1129(a) or (b) of the Bankruptcy Code. These include the requirements that: (i) the Plan must be proposed in good faith; (ii) at least one impaired class of claims must accept the plan, without counting votes of insiders; (iii) 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 (iv) the Plan must be feasible. These requirements are not the only requirements listed in Section 1129, and they are not the only requirements for confirmation.

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.

In this case, the Debtor believe that classes 1, 3, 4 and 5 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan (except Class 1(a)). The Debtor believes that classes 1(a) and 2 are unimpaired, and that holders of claims in this class, therefore, are assumed to accept the Plan.

This is an individual Chapter 11 bankruptcy case. Therefore, if the holder of an allowed unsecured claim objects to confirmation of the Plan pursuant to Section 1129(a)(15) of the Bankruptcy Code, such creditor will be entitled to receive either (a) the value of the property to be distributed under the Plan, or (b) the projected disposable income of the Debtor (as set forth in Section 1325(b)(2) of the Bankruptcy Code) to be paid during the 5 year period beginning after confirmation of the Plan. The Debtor's proposed payment under the plan and in accordance Section 1129(a)(15) of the Bankruptcy Code is set forth in **Exhibit D**.

If no objections are filed to the Plan, the Debtor may elect to make no distributions to general unsecured creditors as set forth in Section 1129(a)(15).

What Is an Allowed Claim?

Only a creditor with an allowed claim has the right to vote on the Plan. Generally, a claim is allowed if either (A) the Debtor have scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or un-liquidated, or (B) the creditor has filed a proof of claim, unless an objection has been filed to such proof of claim by the Debtor, in which case, such creditor cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case is November 23, 2016 at 5:00 p.m.

The deadline for filing objections to Confirmation is _____, 2016 at 5:00 p.m.

What Is an Impaired Claim?

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 Section 1124 of the Bankruptcy Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

Who is NOT Entitled to Vote?

The holders of the following six types of claims are *not* entitled to vote:

- **Holders of claims that have been disallowed by an order of the Court;**

- **Holders of other claims that are not “allowed claims” (as discussed above), unless they have been “allowed” for voting purposes;**
- **Holders of claims in unimpaired classes;**
- **Holders of claims entitled to priority pursuant to Sections 507(a)(2), or (a)(8) of the Bankruptcy Code;**
- **Holders of claims in classes that do not receive or retain any value under the plan; and**
- **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 and to the adequacy of the Disclosure Statement.

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.

Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (A) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, or (B) 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.

Votes necessary for a Class to Accept the Plan

A class of claims accepts the Plan if both of the following occur: (A) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (B) the holders of at least two thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

Treatment of Non-Accepting Classes

Even if one or more of the impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by Section 1129(b) of the Bankruptcy Code. A plan that binds non-accepting classes is commonly referred to as a “cram down” plan. The Code allows the Plan to bind non-accepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of Section 1129(a)(8) of the Bankruptcy Code, 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 regarding whether a “cram down” confirmation will affect your claim, as the variations on this general rule are numerous and complex.

Liquidation Analysis

To confirm the Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such claim holders would receive in a Chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as **Exhibit E**.

Feasibility

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.

Ability to Initially Fund the Plan

The Debtor believes that he will have either (A) enough cash on hand or (B) sufficient cash flow on the effective date of the Plan to pay all claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as **Exhibit D**.

Ability to Make Future Plan Payments And Operate Without Further Reorganization

The Debtor must also show that he will have enough cash over the life of the Plan to make the required Plan Payments.

The Debtor's financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, as set forth on **Exhibit D** hereto. The final Plan payment is expected to be paid on or about the effective date.

You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

V. EFFECT OF CONFIRMATION PLAN

Discharge of the Debtor

Confirmation of this Plan does not discharge any of the personal debt of the Debtor until the court grants a discharge on completion of all payments to unsecured creditors under this Plan as set forth herein and in accordance with Section 1129(a)(15), and as provided in Section 1141(d)(5) of the Code. The Debtor will not be discharged from any debt upon confirmation excepted from discharge under Section 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

Modification of Plan

The Debtor may modify the Plan at any time before confirmation of the Plan. The Court, however, may require a new Disclosure Statement and/or re-voting on the Plan.

The Debtor may also seek to modify the Plan at any time after confirmation only if the Court authorizes the proposed modifications after notice and a hearing.

Upon request of the Debtor, trustee, United States trustee or the holder of an allowed unsecured claim, the Plan may be modified in accordance with section 1127(e) of the Bankruptcy Code at any time after confirmation of the Plan, but before the completion of payments under the Plan, to (1) increase or reduce the amount of payments under the Plan on claims of a particular class, (2) extend or reduce the time period for such payments, or (3) alter the amount of distribution to a creditor whose claim is provided for by the Plan to the extent necessary to take on accounting of any payment of a claim made other than under the Plan.

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtor reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the confirmation order; and (b) after the entry of the confirmation order, the Debtor or the reorganized Debtor, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

Final Decree

Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of bankruptcy Procedure, the Debtor, 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.

VI. OTHER PLAN PROVISIONS

Vesting of Assets in the Reorganized Debtor

After confirmation of the Plan, all property of the Debtor shall vest in the reorganized Debtor, free and clear of all liens, claims, charges or other encumbrances, except those enumerated in the confirmation order. The reorganized Debtor may operate his business and may use, acquire or dispose of property and compromise or settle any claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the confirmation order. Without limiting the foregoing, the Debtor shall pay the charges that they incur after confirmation for professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of professional fee applications) without application to the Bankruptcy Court.

Release of Liens, Claims and Equity Interests

Except as otherwise provided herein or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, upon confirmation, all liens, claims, mortgages, deeds of trust, or other security interests against the property of the

Debtor's estate shall be fully released and discharged. The security interests of the Debtor's first lien holders in Class 1, however, shall be unimpaired under the Plan with respect to both the Debtor and his property.

**Effectuating Documents; Further Transactions;
Exemption from Certain Transfer Taxes**

The Debtor may take all actions to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the confirmation order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

Revocation of Plan

The Debtor reserves the right to revoke or withdraw the Plan prior to the confirmation hearing and to file subsequent Chapter 11 plans. If the Debtor revoke or withdraw the Plan, or if confirmation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, the Debtor or any other entity; (b) prejudice in any manner the rights of the Debtor or any other entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtor or any other entity.

Successors and Assigns

The rights, benefits and obligations of any entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect until the Court enters the confirmation order. Neither the filing of the Plan, any statement or provision contained in the Disclosure Statement, nor the taking of any action by the Debtor or any other entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) any Debtor with respect to the holders of claims or other entity; or (2) any holder of a Claim or other entity prior to the effective date of the Plan.

Further Assurances

The Debtor or the reorganized Debtor, as applicable, all holders of Claims receiving distributions under the Plan and all other entities shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the confirmation order.

Severability

If, prior to confirmation of the Plan, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted, *provided* that any such alteration or interpretation must be in form and substance reasonably acceptable to the Debtor, and, to the extent such alteration or interpretation affects the rights or treatment of holders of general unsecured claims, such claim holder.

Filing of Additional Documents

On or before the Effective Date, the Debtor may file with the Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

/s/ Allen M. Schwartz
Allen M. Schwartz

/s/ Samuel A. Schwartz
Samuel A. Schwartz, Esq.
Attorneys for the Debtor

EXHIBITS

Exhibit A - Copy of Proposed Plan of Reorganization

Exhibit B - List of Assets

Exhibit C – List of Executory Contracts

Exhibit D – Cash Flow Analysis

Exhibit E – Liquidation Analysis