

**THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO**

In Re:	*	Case No. 15-33017
		Judge John Gustafson
Dotson Plumbing & Heating, Inc.	*	
		Chapter 11 Proceeding
Debtor	*	

CHAPTER 11 DISCLOSURE STATEMENT

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I. INTRODUCTION

On September 16, 2015, the Debtor, Dotson Plumbing & Heating, Inc., (hereafter referred to as the "Debtor") filed a voluntary petition for relief pursuant to Chapter 11, Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, for the Northern District of Ohio. Since the commencement of this case, the Debtor has operated as Debtor-in-Possession pursuant to 11 U.S.C. §§ 1107 and 1108. Pursuant to 11 U.S.C. § 1125, the Debtor has prepared this disclosure statement ("Disclosure Statement") for submission to the holders of claims or those who might have an interest with respect to the Debtor. Additionally, this Disclosure Statement may be used by any party who may be interested in purchasing the equity interest in the Debtor as provided for in Class Five.

II. PURPOSE AND REPRESENTATION AND WARRANTIES

A. Purpose

The purpose of this Disclosure Statement is to provide such information as would enable a hypothetical, reasonable investor, typical of such claims, to make an informed judgment exercising his or her right to vote to either accept or reject the Plan. After hearing on notice, on _____, 2016, the Court approved this Disclosure Statement, as amended, as containing information of a kind, and in sufficient detail as adequate in order to make an informed judgment about the proposed Plan. However, approval by the Court of this Disclosure Statement should not be deemed a determination of the merits of the plan. A copy of the Plan is attached as Exhibit 1.

You are urged to carefully read this Disclosure Statement before making a decision to accept or reject the Amended Plan affecting or impairing your rights as they presently exist.

B. Representations and Warranties

The information in this statement has been submitted by the Debtor and obtained from the public records. No representation other than those set forth herein (particularly as to future business operations or value of property) is authorized by it. Any representations or inducements made to secure your acceptance of the Plan should not be relied upon by you in arriving at your decision. In addition, unless as specifically set forth herein, the opinion as to the values of the assets set forth in this disclosure statement are solely those of the debtor. A failure to object to such values could result in such values being accepted for purposes of consideration of the plan.

None of the financial information contained herein has been subject to a certified audit. The financial information utilized in this Disclosure Statement has been obtained from records kept by the Debtor and which are dependent upon in house accounting performed by the Debtor. The Debtor believes the contents of this Disclosure Statement to be accurate and complete. Neither the Court nor any party in interest to the Chapter 11 case other than the Debtor has passed upon the accuracy of the information contained herein. While the Debtor has taken all due care to insure that the information contained within

this Disclosure Statement is correct, it is unable to warrant or represent the information contained herein is without any inaccuracy, although great effort has been made to be accurate.

C. Certain Federal Income Tax Consequences of the Plan

The Plan and the resulting tax consequences may be complex, and the tax consequences of the Plan will depend upon certain factual determinations. No ruling has been or will, prior to the Effective Date, be requested from the Internal Revenue Service regarding the tax consequences of the Plan. No assets of the Debtor have been sold or transferred since the filing of this case and as a result, no tax consequences as to such assets have arisen since the filing of this case. However,

BECAUSE THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND MAY VARY BASED ON INDIVIDUAL CIRCUMSTANCES THIS DISCLOSURE STATEMENT RENDERS NO TAX ADVICE ON THE TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN TO ANY PARTICULAR CREDITOR, TO THE DEBTOR, OR TO INTEREST HOLDERS. EACH PARTY IS URGED TO CONSULT HIS OR HER TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE PLAN TO HIM OR HER INCLUDING ANY CONSEQUENCES UNDER STATE OR LOCAL TAX LAWS.

The following constitutes a summary of the potential tax consequences which may arise upon confirmation of the Plan.

1. Tax Consequences to the Debtor.

Under the Tax Code, a U.S. taxpayer generally must include in gross income the amount of any cancellation of indebtedness income ("COD Income") realized during the taxable year, which generally includes the amount of principal debt discharged and any interest that has been previously accrued and deducted for tax purposes but remains unpaid at the time the indebtedness is discharged. The Tax Code permits a debtor in bankruptcy to exclude its COD Income from gross income, but requires the debtor to reduce certain tax attributes by the amount of the excluded COD Income. It is likely that the Debtor will realize a significant amount of COD Income upon the consummation of the Plan. The Debtor will not be required to include COD Income in gross income because the indebtedness will be discharged while the Debtor is under the jurisdiction of a court in a Title 11 case.

2. Certain U.S. Federal Income Tax Consequences to Holders of Claims and Equity Interests

The U.S. federal income tax consequences to holders of allowed claims arising from the distributions to be made in satisfaction of their claims pursuant to a bankruptcy plan of reorganization may vary, depending upon, among other things: (a) the type of consideration received by the holder of a claim in exchange for the indebtedness it holds; (b) the nature of the indebtedness owed to it; (c) whether the holder has previously claimed a bad debt or worthless security deduction in respect of its claim against the corporation; (d) whether such claim constitutes a security; (e) whether the holder of a claim is a citizen or resident of the United States for tax

purposes, or otherwise subject to U.S. federal income tax on a net income basis; (f) whether the holder of a claim reports income on the accrual or cash basis; and (g) whether the holder of a claim receives distributions under the bankruptcy plan in more than one taxable year. For tax purposes, the modification of a claim may represent an exchange of the claim for a new claim, even though no actual transfer takes place. In addition, where a gain or loss is recognized by the holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the claim constitutes a capital asset in the hands of the holder and how long it has been held or is treated as having been held, whether the claim was acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction with respect to the underlying claim.

Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, holders of Claims and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (B) such discussion is written in connection with the promotion or marketing by the Debtor of the transactions or matters addressed herein; and (C) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.

D. Risk in Connection with the Plan

The holders of Claims against the Debtor should read and consider carefully the factors set forth below, as well as the other information set forth in the Disclosure Statement prior to voting to accept or to reject the Plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

1. Risk of Non-confirmation of the Plan.

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Case will continue to remain pending under Chapter 11. In such event, it is possible that the Chapter 11 Case could be dismissed entirely or it could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code. It is the Debtor's opinion that all Creditors are likely to receive less under Chapter 7 liquidation than they would under the Plan. If the Plan is not confirmed and the Chapter 11 Case continues to pend under Chapter 11, it is possible that other parties could propose their own Chapter 11 plan.

2. Subsequent Default By the Debtor.

Payments to creditors under the Debtor's proposed plan are dependent upon the profitability and continued operation of the Debtor's business. In the event that the Debtor becomes unprofitable and/or the Debtor ceases to operate its business, payments under the plan could be placed in jeopardy.

3. Gaining Confirmation

The Debtor's proposed plan is predicated on it being able to reduce the amount of its claims, and the payments thereon, to a level which will enable it to pay its claims from its operating revenue. In the absence of such a composition under a confirmed plan, the Debtor does not anticipate that it can generate sufficient operating revenue to continue operating as a going concern. To satisfy the claims under the terms of its proposed plan, the Debtor will utilize income generated from the operation of its business. As well, the Debtor's principal and sole shareholder, Nicholas Herzog ("Mr. Herzog"), will be making a nonrecourse contribution of capital to the Debtor.

III. THE REORGANIZATION CASE

A. History of Events Leading to Filing

The Debtor is an Ohio corporation. The business was originally founded in 1962 by Darrell and Doris Dotson, and began operations as a small, hometown plumbing and heating shop in Cridersville, Ohio. From its inception, and continuing to the present day, the Debtor operates from a commercial building located at 100 W Main Street in Cridersville.

Over the years, the business grew in size so that by 1973 it employed 35 persons. During this time, Darrell Dotson operated the business until his passing in 1987. Thereafter, his wife Doris and their two sons continued to operate the business until 1989 when Larry Wiech purchased the company. Under Mr. Weich's direction, the business expanded to include commercial and industrial work.

During Mr. Weich's tenure of operating the business, the Debtor agreed to be bound by a Collective Bargaining Agreement with the Ohio Mechanical and Plumbing Industry Council, Local Union No. 776. ("Union"). Under the Collective Bargaining Agreement with the Union, the Debtor agreed to fund a "Pension Plan" for its employees. This Pension Plan was managed and operated by the Plumbers and Pipefitters National Pension Fund. (the "Fund").

In 2008, the Debtor was sold to Mr. Herzog, a long time employee of the Debtor. Presently, Mr. Herzog is the sole shareholder of the Debtor, and the sole corporate officer for the Debtor.

Unfortunately, shortly after acquiring the Debtor, the local economy, as well as the national economy, was hit with a severe economic downturn. This downturn in the economy severely impacted the Debtor's business operations and revenue. As a result, from the beginning of the economic downturn in 2008, up until 2013, the Debtor's revenue and employee count declined as reflected by the following statistics:

Year	Revenue	Number of Employees.
2008	\$ 847,987.31	15
2009	\$ 844,193.45	8
2010	\$ 717,465.22	9

2011	\$ 541,143.65	6
2012	\$ 587,351.94	7
2013	\$ 514,426.83	6

Notwithstanding the downturn it experienced in its business operations, the Debtor was able to generally handle the decrease in its operating income by effectuating a corresponding decreasing in its overhead expenses which included decreasing the number of its employees as shown above. However, two particular events severely exacerbated the Debtor's ability to service its debt.

First, in 2014, accounting irregularities with respect to Debtor's books and records came to the attention of Mr. Herzog. Upon discovering these irregularities, the Debtor terminated its bookkeeper and turned the matter over to the Ohio Bureau of Criminal Identification and Investigation ("BCI"). At the time of the filing of this Disclosure Statement, the matter remains under investigation by the BCI.

As it concerns the accounting irregularities, the Debtor estimates that \$80,000.00 was misappropriated from its business operations. Since the discovery of the misappropriation of funds, the Debtor has put into place safeguards to prevent such a matter from occurring again. In particular, at this time, Mr. Herzog is the only party with signatory rights with respect to the Debtor's bank accounts.

The second major effect on the Debtor's business occurred when a judgment in the amount of \$171,610.53 was entered in favor of the Fund against the Debtor. The events giving rise to the judgment are as follows:

In 2013, the Debtor, on account of the large reduction in its workforce, was informed by a representative of the Union that it should discontinue its relationship with the Union. As a result, the Debtor did, in fact, discontinue its relationship with the Union, and thereafter, on July 1, 2013, ceased its obligation to contribute to the Fund pursuant to written notice provided to the Union.

On December 19, 2013, the Fund informed Mr. Herzog that the Debtor was subject to withdrawal liability in the estimated amount of \$151,622.00. Withdrawal liability is imposed pursuant to the Employee Retirement Income Security Act of 1974, otherwise known as "ERISA," and the Multiemployer Pension Plan Amendments Act of 1980, 29 U.S.C. §§ 1381-1461. It generally requires employers withdrawing from a covered retirement plan that they pay their proportional share of the plan's unfunded vested benefits by making withdrawal liability payments to the plan.

After some unsuccessful attempts to workout the issue of the Debtor's withdrawal liability, the Union commenced suit in the United States District Court for the Eastern District of Virginia.¹ Thereafter, on August 20, 2014, a judgment in that case was entered in favor of the Fund for the amount of \$171,610.53. ("Judgment"). This Judgment consisted of the following awards:

- (1) \$134,700.62 in unpaid withdrawal liability;

¹Case No. 1:14cv00500.

- (2) \$29,412.00 in liquidated damages;
- (3) \$2,762.91 in interest;
- (4) \$4,225.00 in attorneys' fees; and
- (5) \$510.00 in costs.

On December 18, 2014, the Judgment was docketed in the District Court for the Northern District of Ohio.² In this case, the Fund was awarded an additional \$5,500.00 in attorney fees and \$365.15 in costs. On February 6, 2015, a certificate of judgment was issued by the District Court in Ohio and then docketed in the Auglaize County Clerk of Courts on March 11, 2015 in Case Number 2015 CJ 0038. ("Judgment Lien").

The fund thereafter in the case pending in the District Court in Ohio brought and pursued an action to garnish the Debtor's assets. After this time, the Debtor, in consultation with legal counsel, determined that the only viable method to preserve the business operation of the Debtor, and preserve value for all creditors and interested parties, was to seek relief under Chapter 11 of the United States Bankruptcy Code.

B. Description of Income and Assets.

1. Nature of Income and business operation

The Debtor's income is generated from the operation of its business which, as stated, primarily involves residential plumbing, heating and A/C work. The Debtor has four full time employees: Mr. Herzog; an office manager; and two general employees.

The Debtor's base of operations is located at 2042 Hawthorne, Toledo, Ohio. At this location, the Debtor maintains its administrative office. As well, the Debtor uses this property to store and maintain equipment and inventory used in its business operation.

At the commencement of this case, the Debtor was also under contract to perform work for a number of customers. Such work is normally commenced and completed within a short period of time. As a result, at the time of the filing of this Disclosure Statement all of the prepetition contract work of the Debtor has been completed. The Debtor, since the commencement of this case, has also entered into contracts to perform roofing work. The creation, performance and completion of the contracts, at the time of the filing of this disclosure statement, are ongoing.

Since the commencement of this case, the Debtor has also begun, in effort to improve business, to place advertisements with local newspapers and radio stations. Although exact figures are not ascertainable, the Debtor believes these advertisements have resulted in some increase in general operating revenue.

2. Description of Assets

²Case No. 3:14mc00088.

The Debtor is the fee owner of real property from which it operates its business. This real property is three contiguous parcel of property, having an address of 100 W. Main Street Cridersville, Ohio, and is compromised of the following:

Address	Parcel Number	Auditor's Value
100 W MAIN	B0600102900	\$80,030.00
0 W MAIN	B0600102800	\$11,010.00
0 W MAIN	B0600103000	\$920.00
	Total	\$91,960.00

This real property was owned by the Debtor when Mr. Herzog purchased the business in 2008.

In addition to the above real property, the Debtor also owns inventory and equipment which it uses in its business operation. An itemized summary of this personal property, and the value thereof at the time this case was commenced, is as follows:

Property	Value
1997 Ford	\$2,500.00
2003 Chevy Express Van G20	\$2,000.00
1999 Ford	\$5,000.00
2003 Ford Econoline Van	\$2,000.00
2000 Ford F2S	\$ 300.00
2000 Chev	\$1,500.00
2013 GMC Sierra	\$29,000.00
General Office Equipment - including (2) desks, chairs, table, copy machine, computer, printer, fax machine & phones	\$900.00
Threading Equipment	\$8,000.00
Misc. Pool & Spa inventory and equipment	\$10,000.00

Misc. Plumbing & Heating inventory and equipment	\$20,000.00
Total	\$81,200.00

Since the commencement of this case, the Debtor, with the exception of inventory which can fluctuate and which is immediately consumed in the operation of its business, has not acquired any additional tangible personal property beyond a nominal value. At the commencement of this case, the Debtor also held an interest in the following property: (1) cash used in its business operation, \$890.00; and (2) accounts receivable of \$6,975.93.

At the commencement of this case, all of the Debtor's real property was encumbered by Citizens National Bank of Bluffton as follows:

(1) First mortgage dated, February 25, 2008, to secured a promissory note in the principal amount of \$150,000.00. This mortgage is of record and recorded in the Auglaize County Recorder's Office, and is designated instrument number 20080001224. For this claim, Citizen National Bank of Bluffton has filed a proof of claim in the amount of \$121,419.52 (Cl. No. 17-1);

(2) Second mortgage dated, May 27, 2011, to secured a promissory note in the principal amount of \$48,500.00. This mortgage is of record and recorded in the Auglaize County Recorder's Office, and is designated instrument number 20110002863. For this claim, Citizen National Bank of Bluffton has filed a proof of claim in the amount of \$10,655.31 (Cl. No. 15-1).

In addition, at the commencement of this case, Citizens National Bank of Bluffton claimed a secured interest in substantially all of the Debtor's personal property, including all of its Equipment, Inventory, Accounts and Other Right to Payments and all General Intangibles. This interest was claimed under a security agreement and promissory note in the principal amount of \$48,500.00, with said promissory note also secured, as set forth above, as a second mortgage against the Debtor's real property. A UCC-1 statement of this interest is of record with the Ohio Secretary of State, and designated document number 200805802926; a continuation statement regarding this interest is also of of record with the Ohio Secretary of State, and designated document number 200801501499.

3. Financial Information and Income Produced

The Debtor's fiscal year runs on a calendar year. The Debtor utilizes an accrual method of accounting. The history of Debtor's operations prior to filing reflected the following:

<u>Year</u>	<u>Gross Receipts</u>	<u>Ordinary Business Income/Loss</u>
2014	\$513,022	\$39,862
2013	\$526,255	\$29,159

2012	\$578,886	\$48,835
2011	\$535,302	(\$66,672)

C. Operations During Reorganization.

1. Debtor in Possession.

When the Debtor filed this bankruptcy case on September 16, 2015, the Debtor began operating its business operations as a Debtor-in-Possession pursuant to 11 USC 1107. The Debtor has continued to operate as a Debtor-in-Possession throughout the pendency of this case.

While operating as a Debtor-in-Possession, the Debtor's income and expenses, exclusive of depreciation, have been as follows³

Period	Gross Income	Net Income
September 16, 2015 to September 30, 2015	\$20,265.73	\$8,249.99
October 1, 2015 to October 31, 2015	\$36,751.22	\$4,380.30
November 1, 2015 to November 30, 2015	\$17,726.02	(\$2,771.54)
December 1, 2015 to December 31, 2015	\$24,048.89	(\$1,507.22)
January 1, 2016 to January 31, 2016	\$23,777.36	\$2,541.36
March 1, 2016 to March 31, 2016	\$19,564.15	\$5,712.12
April 1, 2016 to April 30, 2016	\$15,205.85	(\$7,282.53)

Attached hereto as Exhibit 2, is a copy of the Debtor's most recent operating report.

³These figures are based upon an accrual method of accounting, and thus do not reflect the Debtor's actual cash receipts and disbursements for the given month. Further information can be found in the operating reports that the Debtor has caused to be filed with the Court.

2. Official Committee of Unsecured Creditors.

There has not been a Committee of Unsecured Creditors appointed in this proceeding.

3. Officers and Board of Directors of the Debtor

Nicholas Herzog – President, sole officer and director.

Mr. Herzog receives an annual salary from the Debtor in the amount of \$63,000.00. In addition, the Debtor provides to Mr. Herzog health insurance and reimburses Mr. Herzog for his cell phone usage. For this compensation, Mr. Herzog oversees all daily operations of the Debtor, obtains contracts for services to be performed by the Debtor and undertakes in, his personal capacity, to perform the plumbing hearing and A/C services provided by the Debtor. Since the commencement of this case, Mr. Herzog has not received any other compensation from the Debtor.

DISCLOSURE-It is anticipated that Mr. Herzog shall continue to serve in the capacity as President and sole officer of the Reorganized Debtor subsequent to confirmation of the Debtor's proposed Plan. It is further anticipated that Mr. Herzog's salary and benefits from the Debtor will not change upon confirmation of the Debtor's proposed plan.

D. Litigation Matters

1. Pre-petition and Post-petition Litigation Against the Debtor

(a) As set forth in more detail above, the Debtor is the subject of ongoing litigation involving the Fund.

(b) Robertson Heating Supply Co. v. Dotson, Plumbing & Heating, Inc.; Auglaize County Court of Common Pleas, Case No. 2014 CV 0233. Judgement entered against Debtor on September 9, 2015, in the amount of \$13,217.08, plus interest from the date of the judgment at the rate of 4% per annum.

(c) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2014 TL 0731. Entered on September 17, 2014. Tax Lien in the amount of \$3,850.10.

(d) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2015 TL 0154. Entered on May 13, 2015. Tax Lien in the amount of \$3,050.41.

(e) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2015 TL 0271. Entered on August 4, 2015. Tax Lien in the amount of \$3,599.39.

(f) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2015 TL 0272. Entered on August 4, 2015. Tax Lien in the amount of \$3,246.47.

2. Causes of Action of the Debtor

a. Pre-petition, Non-Bankruptcy Related Claims

The Debtor has a potential claim against its former bookkeeper for the misappropriation of funds. No action has yet been commenced on this claim. At this time, given collectability concerns, the Debtor does not intend to initiate any suit.

b. Preferences, fraudulent transfers and bankruptcy claims.

The Debtor is unaware of any preference claims and does not intend nor contemplate the institution of any such actions. Prior to the filing of this case, the Debtor's practice was to pay each and every invoice within its terms. Likewise, the Debtor did not engage in any preferential or fraudulent transfers prior to this bankruptcy proceeding and therefore does not believe any such claims exist. Finally, the Debtor is aware of a potential bankruptcy claim that would arise under state law.

c. Insider Claims

The Debtor is unaware of any claims against insiders as that term is defined under 11 U.S.C. § 101(31). For example, the Debtor did not make any non-ordinary course transfers to insiders within the one year period preceding the filing of this case. The Debtor's principal, Mr. Herzog, does have a claim against the Debtor based upon personal funds loaned to the Debtor. Mr. Herzog does not intend to pursue this claim.

IV. SUMMARY OF PLAN OF REORGANIZATION

A. Events Leading to Plan

In formulating a plan of reorganization, the Debtor's primary goal is to address and provide for its unsecured obligations under terms which will enable the Debtor to continue to operate as a going concern.

B. The Plan

1. Classification of Claims

The Plan provides for the treatment of all debts and claims against the debtor and establishes four classes of claims and interests and sets forth the treatment of each class. A claim is in a particular class only to the extent that the Claim qualifies within the description of that class and is in a different class to the extent that the remainder of the Claim qualifies within the description of the different class. The

following are the Classes established by the Plan, and sets forth whether such claims are impaired for purposes of 11 U.S.C. § 1124.

- (a) Class 1 consists of the secured claims of Citizens National Bank of Bluffton.

Impaired

- (b) Class 2 consists of secured claim of Ally Bank.

Unimpaired

- (c) Class 3 consist of undersecured Claim of Plumbers and Pipefitters National Pension Fund

Impaired

- (d) Class 4 consists of general unsecured claims not otherwise classified.

Impaired

- (e) Class 5 consists of the equity interest held by Mr. Herzog in the Debtor.

Impaired-In accordance with Section 1126(g) of the Bankruptcy Code, holders of interests are conclusively presumed to reject the Plan and the votes of such holders will not be solicited with respect to such Interests

2. Treatment of Claims and Interests

a. Introduction

In order for the holder of a claim to be so classified, its Claim must be allowed. An allowed Claim is a Claim (i) which either is or has been scheduled by the Debtor in its Schedules of Liabilities and is not scheduled as disputed, contingent or unliquidated, and as to which no proof of claim has been filed or (ii) is a Claim as to which a timely proof of claim has been filed and as to which Claim no objection has been made or which has been allowed by a Final Order. If a Claim is not listed in the Debtor's Schedules of Liabilities as disputed, contingent or unliquidated, it is deemed allowed in the amount listed. Attached hereto as Exhibit 3 is the current Creditor's Register of the United States Bankruptcy Court. As a creditor in this cause, you should ascertain whether your claim is scheduled or listed as unliquidated, disputed or contingent on the original schedules of the debtor, or file a proof of claim to insure that you share in any disbursement on account of such claim.

Pursuant to Order of the Bankruptcy Court, all creditors, excepting Governmental Claims, claims arising from the Rejection of Executory contracts and claims otherwise deemed allowed, were required to file their proofs of claim on or before February 5, 2016 ("Bar Date") (Doc. No. 22). Any creditor of the Debtor that failed to file a proof of claim by the Bar Date and whose claim was not scheduled by the Debtor is barred from sharing in any distributions under the Plan until all other creditors are paid in full

and there remains assets to so provide for such further disbursement. The Plan does not contemplate any such additional funds to be available.

b. Administrative and Certain Non-Classified Priority Claims – Allowed Administrative Claims include, among others, administrative fees due the office of the US Trustee and have not been classified. The Reorganized Debtor shall continue to pay post-confirmation quarterly fees to the US Trustee until the case is closed, converted to a proceeding under Chapter 7 or dismissed. In addition, in order to permit analysis of such fees due, the Reorganized Debtor shall continue to file post-confirmation reports on a quarterly basis with a copy to the office of the US Trustee.

c. Administrative Claims An administrative expense claim is (i) any claim for any unpaid costs or allowance of compensation or reimbursement of expenses to the extent allowed by the Court; (ii) any claim for post-petition wages, salaries and commissions pursuant to Section 503(b)(1) of the Code; (iii) any other claim for actual, necessary costs and expenses for preserving the estate to the extent allowed by the Court under Section 503(b)(1), including fees and expenses for attorneys and other Professionals retained by the Debtor. At the time of the confirmation of the Debtor's proposed plan, outstanding professional fees in this case are estimated to be less than \$10,000.00. The Debtor does not believe that any postpetition tax are delinquent.

Unless otherwise agreed by the claimant, all Administrative Claims shall be paid in full, in cash, in such amounts as are incurred in the ordinary course of business by the Debtor, or in such amounts as such Administrative Claims are allowed by the Bankruptcy Court upon the later of the Effective Date, or the date upon which the Bankruptcy Court entered an order allowing any such Administrative Claim.

d. Priority Tax Claims

Section 507(a)(8) of the Bankruptcy Code provides that certain claims arising in favor of governmental units for prepetition taxes owed are entitled to priority treatment. Pursuant to 11 U.S.C. § 1123(a)(1) such claims do not have to be classified and, in such instance, are not entitled to vote on the plan because such claims must receive the treatment specified in 11 U.S.C. § 1129(a)(9), and cannot otherwise be impaired.

Under 11 U.S.C. § 1129(a)(9)(C), priority treatment for such tax claims requires that a debtor pay in regular installments cash of a total value, determined as of the effective date of the plan, equal to the allowed amount of the priority claim. Such payments may be made over a 5 year period, commencing from the time the case is filed.

In this case, the following governmental entities filed priority proofs of claim for unpaid taxes due by the Debtor prior to the commencement of this case:

Creditor/Claim Number	Claim Amount	Priority Amount	Non Priority Amount
Ohio Department of Job (4-1)	\$7,161.61	\$6,455.15	\$706.46

and Family Services

Internal Revenue Service (2-1)	\$44,895.33	\$44,015.03	\$880.30
Ohio Bureau of Workers' (14-1) Compensation	\$3,478.37	\$3,410.17	\$68.20
Ohio Department of Taxation (8-1)	\$56,839.41	\$55,724.91	\$1,114.50
Total	\$112,374.72	\$106,605.26	\$5,769.46

Under the Debtor's proposed plan, payments on the allowed priority amount of such claims, to the extent allowed, shall be made on a monthly basis, commencing on the first day of the month following the Effective Date of the proposed plan, and shall, until paid in full, bear interest at the rate of 4% per annum. The portion of the above claims not entitled to priority treatment are provided for in Class 4 of the Debtor's proposed plan.

Assuming an Effective Date of the Debtor's proposed plan on August 1, 2016, payments on the priority amount of the above claims would be made over 49 months, and would entail the following monthly payments:

Ohio Department of Job and Family Services	\$158.65
Internal Revenue Service	\$994.61
Ohio Bureau of Workers' Compensation	\$77.05
Ohio Department of Taxation	\$1,259.22
Total	\$2,489.53

Notwithstanding, nothing in this Disclosure Statement shall be construed so as to provide that the above claims are allowed claims for purposes of 11 U.S.C. § 502, and the Debtor reserves the right to seek to have that the above claims modified or disallowed.

To the extent that the amount of any of the above claims are modified or disallowed, whether by a reassessment of the Debtor's tax liabilities or by Court order, the Debtor's proposed plan provides that the amount of the monthly payments due to such claimants shall be re-amortized based upon payments already tendered and the revised amount of the claim.

Subject to the treatment provide herein, to the extent that any claimant above holds an interest in the Debtor's property, or property of the Debtor's estate, whether by operation of law or legal process, the Debtor's plan proposes that such claimant shall retain its interest in such property until the allowed amount of its claim is fully paid according to the terms of the Debtor's proposed plan. The Debtor's proposed plan then provides that upon full payment of the allowed amount of claims specified herein, any interest claimed on account of such claim in the Debtor's property shall be deemed to be released and shall not thereafter constitute a charge or encumbrance against any of the Debtor's property. Such released interests shall include, but are not necessarily limited to the following:

(c) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2014 TL 0731. Entered on September 17, 2014. Tax Lien in the amount of \$3,850.10.

(d) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2015 TL 0154. Entered on May 13, 2015. Tax Lien in the amount of \$3,050.41.

(e) Certificate of Judgment by State of Ohio Department of Taxation, Auglaize County Court of Common Pleas, Case No. 2015 TL 0271. Entered on August 4, 2015. Tax Lien in the amount of \$3,599.39.

Other than specified in above, the Debtor's plan provides that any and all interests held by the claimants in this Class, whether against the Debtor or the bankruptcy estate, shall, upon confirmation, vest in the Reorganized Debtor free and clear of such interests.

e. Claims Under the Plan

i. Class 1 – Secured claim of Citizens National Bank of Bluffton (“Citizens Bank”)

a. Claim of Citizens Bank

On February 15, 2008, the Debtor executed a promissory note in favor of Citizens Bank for the principal sum of \$150,000.00 (“Note 1”). Note 1 matures on February 15, 2028. The interest rate on Note 1 is subject to change every five years. On the Petition Date, the Debtor was required to pay to Citizens Bank the sum of \$1,060.91 per month.

As security for Note 1, Citizens Bank holds a mortgage interest in two parcels of real property owned by the Debtor: (1) 100 West Main St., Cridersville, Ohio, Auglaize County Parcel Number B0600102900; and (2) W. Mains St., Cridersville, Ohio, Auglaize County Parcel Number B0600102800.³

³It is unclear from the documentation whether the mortgage of Citizens Bank also encumbers the Debtor's parcel of real property designated Parcel Number B0600103000. Given the de minimus value of this parcel, \$920.00, the Debtor's proposed plan assumes that the mortgage of Citizens Bank also encumbers this parcel.

This mortgage is of record with the Auglaize County, Ohio Recorder's Office and is designated document number 201100002863.

With respect to its interest under Note 1, Citizen Bank filed a proof of claim in the amount of \$121,419.52 (Cl. No. 17-1). For purpose of its proposed Plan, the Debtor does not dispute the allowance of this Claim.

On May 27, 2011, the Debtor executed a second promissory note in favor of Citizens Bank for the principal sum of \$48,500.00. ("Note 2"). Note 2 was set to mature on May 27, 2016. On Note 2, the Debtor was required to pay to Citizens Bank the sum of \$960.68 per month until maturity.

As security for Note 2, Citizens Bank holds a mortgage interest against those two parcels of real property owned by the Debtor which also secures Note 1: (1) 100 West Main St., Cridersville, Ohio, Auglaize County Parcel Number B0600102900; and (2) W. Mains St., Cridersville, Ohio, Auglaize County Parcel Number B0600102800. This mortgage is of record with the Auglaize County, Ohio Recorder's Office and is designated document number 201100002863. In addition, as security for Note 2, the Debtor granted to Citizens Bank a security interest in in substantially all of its personal property, including all of its Equipment, Inventory, Accounts and Other Right to Payments and all General Intangibles. A UCC-1 statement of this interest is of record with the Ohio Secretary of State, and designated document number 200805802926; a continuation statement regarding this interest is also of record with the Ohio Secretary of State, and designated document number 200801501499.

With respect to its interest under Note 2, Citizens Bank filed a proof of claim in the amount of \$10,655.31 (Cl. No. 15-1). For purpose of its proposed Plan, the Debtor does not dispute the allowance of this Claim.

After the Petition Date, an agreed order was entered by the Court with respect to adequate protection and the use of cash collateral for Citizen Bank. ("Cash Collateral Order") (Doc. No. 34). Under the terms of this Cash Collateral Order, the Debtor was required, commencing for the month of February of 2016, to make monthly contractually scheduled payments to Citizen Bank in the sum of \$2,021.59. This Cash Collateral Order further provided that so long as the Debtor was not in breach of the Order, all payments received by Citizens Bank shall reduce the principal amount due and owing on Notes 1 and 2 according to the amortization schedule established under said Notes.

b. Treatment of the claim of Citizens Bank

In its proposed Plan, the Debtor, subject to payments and a reduction in principal made under the Cash Collateral Order, will (1) treat its obligation to Citizens Bank under Note 1 and Note 2 as fully secured for purposes of 11 U.S.C. § 506(a), and (2) the proofs of claims filed by Citizen Bank in support of said Notes will, for purposes of 11 U.S.C. § 502, be allowed in the amounts filed. Pursuant thereto, the Debtor's Plan proposes to afford the following treatment with respect to Notes 1 and 2 of Citizens Bank:

Note 1

On its secured claim under Note 1, and unless Citizens Bank agrees to a different treatment of its secured claim, the Debtor will pay, under its proposed plan to Citizens Bank, deferred cash payments totaling the present value of its secured claim. Pursuant to the proof of claim filed by Citizens Bank, but subject to the terms of the Cash Collateral Order, the estimated principal amount due and owing on this secured claim is \$121,419.52. Payments on this secured claim shall be made monthly, commencing on the first day of the month following the Effective Date of the proposed plan.

Pursuant to § 1123(a)(5)(H), such payments on the secured claim to Citizens Bank shall be based upon an amortization of Citizens Bank's secured claim over 15 years at a fixed rate of interest of 5.0%. For purposes of this treatment, the Debtor has calculated that the monthly payment due to Citizens Bank shall be \$960.17.

Until paid in full, the Debtor's plan proposes that Citizens Bank shall, under the security granted to it under Note 1, retain its secured interest in the Debtor's property.

Note 2

On its secured claim under Note 2, and unless Citizens Bank agrees to a different treatment of its secured claim, the Debtor will pay, under its proposed plan to Citizens Bank, deferred cash payments totaling the present value of its secured claim. Pursuant to the proof of claim filed by Citizens Bank, but subject to the terms of the Cash Collateral Order, the estimated principal amount due and owing on this secured claim is \$10,655.31. Payments on this secured claim shall be made monthly, commencing on the first day of the month following the Effective Date of the proposed plan.

Pursuant to § 1123(a)(5)(H), such payments on the secured claim to Citizens Bank shall be based upon an amortization of Citizens Bank's secured claim over 18 months at a fixed rate of interest of 5.0%. For purposes of this treatment, the Debtor has calculated that the monthly payment due to Citizens Bank shall be \$613.26.

Until paid in full, the Debtor's plan proposes that Citizens Bank shall, under the security granted to it under Note 2, retain its secured interest in the Debtor's property.

Other than specified in this Class, the Debtor's proposed plan further provides that any other interests held by Citizens Bank in the Debtor's bankruptcy estate shall, upon confirmation, vest in the Reorganized Debtor free and clear of such interests.

ii. Class 2 – Secured Claim of Ally Bank

a. Claim of Ally Bank

Ally Bank holds a secured interest on a "vehicle" owned by the Debtor; to wit: a 2013 GMC Sierra. The secured interest of Ally Bank is noted on the vehicle's certificate of title. The interest of Ally Bank

secures financing extended to the Debtor in the amount of \$22,807.62 for the vehicle.

Under its financing arrangement with Ally Bank, the Debtor is required to pay Ally Bank the sum of \$468.42 per month, for a period of 72 months, commencing January 5, 2015. Since the inception of this financing arrangement, and during the pendency of this case, the Debtor has made all contractually required payments to Ally Bank.

For its claim, Ally Bank filed a proof of claim, as a secured claimant, in the amount of \$23,435.18. (Cl. No. 3). The Debtor does not dispute the validity of this claim.

b. Treatment of Secured Claim of Ally Bank

Unless Ally Bank Agrees to a different treatment of its claim, the Debtor's proposed plan provides that it shall leave unaltered all legal, equitable and contractual rights of Ally Bank, and pay Ally Bank according to the terms of the Parties' contract.

iii. Class 3 – Undersecured Plumbers and Pipefitters National Pension Fund ("Fund").

a. Claim of Fund

Pursuant to an Amended Proof of Claim, the Fund claims a secured interest in the Debtor's real property for the sum of \$181,070.90. (Cl. No. 5-2). The Fund's secured interest in the Debtor's real property is predicated on a Judgment Lien, as arising from a certificate of judgment which was issued by the District Court in Ohio and then docketed in the Auglaize County Clerk of Courts on March 11, 2015, in Case Number 2015 CJ 0038. ("Judgment Lien").

At the time the Judgment Lien arose, the Debtor owned the following parcels of real property in Auglaize County: (1) 100 W MAIN, Parcel Number; B0600102900; (2) 0 W MAIN, Parcel Number B0600102800; and (3) 0 W MAIN, Parcel Number B0600103000. ("Real Property"). Pursuant to the County Auditor, this Real Property has an aggregate value of \$91,960.00.

Prior to the docketing of the Judgment Lien by the Fund, applicable public records show that the following superior interests also existed against the Real Property:

First Mortgage of Citizens Bank with an outstanding balance of approximately \$121,419.52;

Second Mortgage of Citizens Bank with with an outstanding balance of approximately \$10,655.31; and

Judgement Lien in favor of State of Ohio Department of Taxation in the amount of \$3,850.10.

These interest total \$135,924.93 in value.

a. Treatement of the Claim of Fund

Based upon the value of the Real Property (\$91,960.00), and the value of the superior interests encumbering the Real Property (\$135,924.93), the Debtor's plan proposes that, pursuant to 11 U.S.C. § 506(a) and Bankruptcy Rule 3012, the claim of the Fund shall be deemed to be an unsecured claim. Pursuant thereto, the Debtor's plan proposes that the claim of the Fund shall be treated and provided for in Class Four of the Debtor's proposed plan.

The Debtor's plan further proposes that the Judgment Lien held by the Fund with respect to its unsecured claim shall, upon confirmation of the plan, be deemed to be avoided and extinguished pursuant to 11 U.S.C. § 506(d), so that, pursuant to 11 U.S.C. § 1142(c), any interest claimed by the Fund in the Debtor's property shall vest in the Reorganized Debtor free and clear of any claim or interest of the Fund including the Judgment Lien which arose pursuant to the certificate of judgment as issued by the District Court in Ohio and then docketed in the Auglaize County Clerk of Courts on March 11, 2015 in Case Number 2015 CJ 0038.

iv. Class 4 – General Unsecured Claims, not otherwise classified.

a. General Unsecured Claims

This class consists of all general unsecured claims of the Debtor which have not otherwise been classified in the Debtor's proposed Plan and which are allowed claims.

b. Treatment of General Unsecured Claim

Unless a treatment is otherwise specified herein, the Debtor in its plan is proposing to pay to all creditors holding an allowed claim a 10% distribution on the allowed amount of their respective claims.

Distributions within the Class shall be made in equal quarterly payments, over a period of five years, and shall commence on the first day of the month following the Effective Date of the Debtor's proposed plan. Upon confirmation of the Plan, however, it is proposed that nothing shall prejudice the Reorganized Debtor from completing the payments specified in this paragraph in less than five years, provided that no creditor in this Class or any other Classes in this Plan are prejudiced thereby.

The Debtor's Plan proposes that payments of the claims according to the terms provided in this Class shall constitute full satisfaction, settlement and release of said claims against the Debtor and Reorganized Debtor unless such debt is of a kind or nature for which under 11 USC 523 could be excepted from discharge.

Any distributions under this Class shall be limited to creditors holding allowed claims under the Bankruptcy Code. Based upon the proofs of claim filed in this case prior to the Bar Date, the following unsecured claims have been asserted:

Creditor	Amount	Number
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Citizens Bank	\$9,552.61	16-1
Capital One Bank	\$7,875.33	6-1
Pipefitters ("Fund")	\$181,070.90	5-2
Ohio Dept Taxation	\$14,153.82	8-1
Speedway	\$982.67	7-1
Johnston Supply Inc.	\$8,933.19	9-1
E.S. Evans Company	\$6,190.60	12-1
IRS	\$1,636.35	2-1
ODJFS	\$706.46	4-1
Carr Supply	\$4,960.41	10-1
Pitney Bowes	\$991.77	1-1
Robertson Hearting and Supply	\$13,217.08	3-1

The Debtor's proposed plan provides that upon confirmation, the above claims shall be deemed to be allowed claims under 11 U.S.C. § 502 unless, prior to confirmation, an objection to a claim is filed by the Debtor or another party-in-interest at which time such claim shall not become an allowed claim until final adjudication of the matter by the Court. The Debtor's proposed plan provides that, until final adjudication of the objection, such claimant shall not be entitled to receive any distribution under the plan, but that upon the allowance of the disputed claim being determined by the Court, such claimant shall be entitled to immediately receive the sum of all payments to which it would have otherwise been entitled to receive had the allowance of the claim been determined on the Effective Date.

Estimated monthly distributions to claimants in this Class are as follow:

Creditor	Total Distribution	Quarterly Distribution
Citizens Bank	\$955.26	\$47.63
Capital One Bank	\$787.53	\$39.38
Pipefitters ("Fund")	\$18,107.09	\$905.35
Ohio Dept Taxation	\$1,415.38	\$70.70
Speedway	\$98.26	\$4.91
Johnston Supply Inc.	\$893.31	\$44.67
E.S. Evans Company	\$619.06	\$30.95
IRS	\$163.63	\$8.18
ODJFS	\$70.64	\$3.53
Carr Supply	\$496.04	\$24.80
Pitney Bowes	\$99.17	\$4.96
Robertson Hearting and Supply	\$1,321.70	\$66.09
Total		\$1,251.15

As set forth in more detail, below, in part V.B.1 of this Disclosure Statement, the Debtor believes

that this treatment will afford will enable all claimants in this Class to receive more than they would otherwise receive if this case were to be liquidated under Chapter 7 of the Bankruptcy Code.

vii. Class 5 – Equity Interest

a. Equity Interest

This class consists of the stock issued by the Debtor. At the time of the commencement of this case, Nicholas Herzog held all stock issued by the Debtor.

b. Treatment of Equity Interest

The Debtor's plan proposes that, upon confirmation, all of its issued stock shall continue to be held by and shall revert in Mr. Herzog free and clear of any claims and other interests held by any party and/or claimant in the Debtor and the estate at the time of confirmation. This retention by Mr. Herzog of his equity interest in the Debtor shall not, under the proposed plan, be deemed to on account of his prepetition interest in the stock, but instead, as set forth in the following paragraph, shall be on account of the contribution of new value to the Debtor.

As and for Mr. Herzog retaining his equity interest in the Debtor, the Debtor's plan proposes that Mr. Herzog will, upon the Effective Date of the plan, pay as and for new value the sum of \$5,000.00 to the Reorganized Debtor for the immediate, pro rata ,distribution to those creditors holding allowed claims in Class 3 of the Debtor's proposed plan. For this contribution, the Debtor's proposed plan that Mr. Herzog will have no legal recourse against the Debtor, the Reorganized Debtor or the estate for the contribution of said new value.

Nonexclusive right

Notwithstanding, any interested party may offer a higher bid for the Debtor's equity interest. For this purpose, approval of this Disclosure Statement shall constitute a solicitation for bids by parties receiving notice of this Disclosure Statement. Any party receiving notice of this Disclosure Statement may and is entitled to bid, and may seek bids from third parties, to purchase the equity interest in the Debtor. In the event that an entity wishes to contribute new value to the Debtor, and purchase the prepetition stock issued by the Debtor, written notice thereof shall be filed with the Court and provided to Debtor's counsel, Such notices, with the case number noted thereon, must be sent to:

United States Bankruptcy Court
Attention: Bankruptcy Clerk
411 U.S. Courthouse
1716 Spielbusch Avenue
Toledo, Ohio 43604

Eric Neuman
1105-1107 Adams Street

Toledo, Ohio 43604

If a higher bid is received, meaning more than the new value of \$5,000.00 being offered by Mr. Herzog, the matter shall become subject to a competitive bidding process under terms and conditions to be approved by the Court. Thereafter, the Court may enter an appropriate order regarding the winning bid. On the Effective Date, or as soon as is practicable thereafter, the Debtor's proposed plan provides that the funds from the winning bid shall be disbursed, pro rata, to those creditors holding allowed claims in Class 4 of the Debtor's proposed plan.

The Debtor's proposed plan further provides that all of the Debtor's outstanding stock shall become vested in the highest bidder free and clear of any claims and other interests held by any party and/or claimant in the Debtor and the estate at the time of confirmation. The highest bidder shall then become entitled to operate the Debtor, upon confirmation, according to the terms of the proposed plan.

Rejection by Class 4

On April 6, 2016, the Court entered an Order, allowing the Debtor to use estate property under 11 U.S.C. § 363(b) for the purpose of Placing Advertisement to Market its Equity Interest. (Doc. No. 33). In the event Class 4 is deemed to have rejected its proposed plan, the Debtor, as a condition precedent to seeking to have, as provided in 11 U.S.C. 1129(b), its proposed plan confirmed over the lack of acceptance by Class 4 will, as permitted by said Order, market its equity interest. Pursuant to the motion made by the Debtor requesting the entry of said Order, the Debtor will market its equity interest as follows:

The Debtor will place an advertisement with two parties: (1) the Dayton Daily News, a daily newspaper, for a duration of one week; and (2) for a duration of three months, in the online marketing website operating under the name of BizBuySell.com. The advertisement with each of the parties shall read, in substance, as follows:

Dotson Plumbing & Heating, Inc., an Ohio Corporation, is a debtor under Chapter 11 of the Bankruptcy Code. As a part of its proposed plan of reorganization, the Debtor is soliciting bids from any party interested in purchasing the total outstanding shares of the business. The current equity holder has tendered a bid of \$5,000.00.

The Debtor operates a heating and plumbing company in Northwest Ohio. For 2015, the Debtor generated approximately 253,124.74 in gross revenue, and \$36,388.66 in net revenue. Presently, the Debtor has four employees. The Debtor has assets, both real and personal property, with an estimated value of \$182,000.00. Claims against the estate, secured and unsecured, are estimated to be \$512,000.00.

Any party interested in making a bid on the outstanding shares of the debtor may receive a copy of the disclosure statement in the case, as well as financial statements produced by the Debtor, by making a formal written request to Debtor's legal counsel at the following address:

Eric Neuman
1105-1107 Adams Street
Toledo, Ohio 43604

In addition, formal notice of the request must be filed with the United States Bankruptcy Court, for the Northern District of Ohio, in Case Number 15-33017. Such notice should be sent to the following address:

United States Bankruptcy Court
Attention: Bankruptcy Clerk
411 U.S. Courthouse
1716 Spielbusch Avenue
Toledo, Ohio 43604

It is strongly advised that any party wishing to make bid consult with their legal counsel.

If a bid or bids are received under these advertisements, the matter regarding the ownership of the Debtor's equity interest shall become subject to a competitive bidding process under terms and conditions to be approved by the Court. Thereafter, the Court may enter an appropriate order regarding the winning bid. On the Effective Date, or as soon as is practicable thereafter, the Debtor's proposed plan provides that the funds from the winning bid shall be disbursed, pro rata, to those creditors holding allowed claims in Class 3 of the Debtor's proposed plan. The highest bidder shall then become entitled to operate the Debtor, upon confirmation, according to the terms of the proposed plan.

C. Summary of other Provisions of the Plan

1. "Full and Final Satisfaction"

Except as otherwise expressly provided in Section 1141 of the Bankruptcy Code or the Plan, the payments and distributions made pursuant to the Plan will be in full and final satisfaction, settlement, release and discharge as against the Debtor and Reorganized Debtor of any debt of a kind specified in Section 502(g), 502(h) and 502(i) of the Bankruptcy Code, and all claims and interest of any nature, including without limitation, any interest accrued thereon from and after the Filing Date, whether or not (i) a proof of a claim or interest based on such debt, obligation or interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (ii) such claim or interest is allowed under Section 501 of the Bankruptcy Code or (iii) the holder of such claim or interest has accepted the plan. Therefore, upon the Effective Date of the Plan, all creditors and holders of interests shall be precluded from asserting against the Debtor or Reorganized Debtor, or any of the assets or property, any other further claims unless specifically preserved therein and the order of confirmation shall permanently enjoin said creditors and holders of interest, their successors or assigns, from enforcing or seeking to enforce any such claims or interests.

2. "Distribution Date"

Except as otherwise provided by the Plan or ordered by the Bankruptcy Court, distributions shall be made by the Reorganized Debtor according to the terms set forth in the Plan.

3. Blank Ballot or Lack Thereof

Any Ballot which is executed by the holder of an allowed claim, but which does not indicate acceptance or rejection of the Plan, shall not be deemed to be either an acceptance or a rejection of the Plan.

4. Revesting

On the Effective Date of the Plan, all property making up the Estate (including any unreleased Causes of Action, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in the Reorganized Debtor, free and clear of all Claims.

5. Releases

When and if the plan is confirmed, the provisions of the plan will bind the Debtor and the Reorganized Debtor and all holders of claims and interests whether or not they accept the plan.

6. Compromise and Settlements

Pursuant to Bankruptcy Rule 9019(a), without further order of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle various (a) Claims and (b) Causes of Action that it may have against other Persons.

7. Preservation of Rights of Action, Reorganized Debtor as Estate Representative

In accordance with 11 USC 1123(b)(3), the Reorganized Debtor will have and may enforce any and all unreleased Causes of Action that the Debtor may hold against any Entity.

8. Amendment and Modification

The debtor may amend or modify the Plan both before and after confirmation in accordance with the provisions of Section 1127 of the Bankruptcy Code.

9. Retention of Jurisdiction

The proposed plan provides for the retention of jurisdiction by the Bankruptcy Court over the Chapter 11 case for the purpose of determining all disputes relating to claims, equity interests and other issues presented by or arising under the plan and to determine all other matters pending on the date of confirmation.

10. Effective Date of Plan

Unless the Court orders otherwise, or a stay is issued, the Effective Date of the Plan confirmed by the Court will occur on the 30th day after the Court enters an order confirming the Debtor's Plan.

D. Means of Execution of Plan

The Reorganized Debtor will continue the operations and continue in the same line of business as prior to the commencement of this case. The Debtor does not anticipate obtaining outside financing to

implement its Plan. Instead, it is anticipated that the revenue derived from the Reorganized Debtor's business operations will enable the Reorganized Debtor to satisfy its obligations under the confirmed Plan. As support for this position, the Debtors have attached the following Exhibits:

(1) Its past Profit and Loss Statements for the years 2013, 2014 and 2015, attached hereto as Exhibit 4; and

(2) Its budgetary forecast for the ensuing three years, attached hereto as 5.⁴

Based upon the treatment provided in the Debtor's proposed plan, the Debtor will, on the Effective Date, require cash reserves of \$3,740.68 to commence making payments under the proposed plan to claimants holding allowed unsecured claims.

E. Management and Description of Reorganized Debtor

1. Ownership

After confirmation, it is anticipated that ownership of the Reorganized Debtor will be held by the entity contributing new value to the Debtor.

2. Management

If Mr. Herzog retains his equity interest in the Debtor, he plans to continue in his managerial role with respect to the Debtor. If another entity purchases the Debtor's equity interest, it will be entitled to install new management, with it not being contemplated that Mr. Herzog, in such an instance, will continue on with his managerial role with respect to the Debtor.

V. CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing on the Plan at which a party in interest may object to confirmation.

B. Requirement of Confirmation

In order for the Plan to be confirmed, the Bankruptcy Code requires, among other things, that the Plan be proposed in good faith, that the Debtor-in-Possession disclose specified information concerning payments made or promised to insiders, and that the Plan comply with the applicable provisions of Chapter 11 of the Bankruptcy Code. Section 1129(a) of the Bankruptcy Code also imposes requirements

⁴The Debtors have not provided budget forecasts beyond three years as any forecast beyond three would be highly speculative and thus of little probative value. See *In re Trevarrow Lanes, Inc.*, 183 B.R. 475 (Bankr. E.D.Mich.1995)

that at least one class of Claims has accepted the Plan, that Confirmation of the Plan is not likely to be followed by the need for further financial reorganization, and that the Plan be fair and equitable with respect to each class of claims or interest which is impaired under the Plan. The Bankruptcy Court shall confirm the Plan only if it finds that all of the requirements enumerated in Section 1129(a) of the Bankruptcy Code have been met. The Debtor-in-Possession believes the Plan satisfies all of the requirements for Confirmation.

1. “Best Interest Test” Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each class, that each holder of a Claim of such class either (a) has accepted the Plan or (b) will receive or retain under the Plan on account of such Claim or property of a value as of the Effective Date, that is not less than the amount that such persons would receive or retain if the Debtor-in-Possession is, on the Effective Date, liquidated under Chapter 7 of the Bankruptcy Code. The Debtor believes that this test will be satisfied by virtue of the proposed plan and any theoretical liquidation of the assets of the Debtor.

Attached as Exhibit 6 to this Disclosure Statement is a liquidation analysis for the Debtor. This analysis shows that if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code, general, unsecured creditors would not likely receive any distribution. As further support for this position, the Debtor has attached to this Disclosure Statement Exhibit 7, which shows the Debtor’s balances sheets for the years 2013, 2014 and 2015.

2. “Financial Feasibility” The Bankruptcy Code requires, as a condition to Confirmation, that Confirmation of the Plan is not likely to be followed by the liquidation of the Debtor or the need for further financial reorganization. The Reorganized Debtor believes that the Plan complies with the financial feasibility standard for Confirmation and that the Reorganized Debtor will be able to operate as a going concern on a viable basis.

3. “Acceptance by Impaired Classes” The Bankruptcy Code requires, as a condition to Confirmation, that each class of Claims that is impaired under the Plan accept the Plan, with the exception described in the following section. A class of Claims has accepted the Plan if the Plan has been accepted by creditors (other than insiders) that hold at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such class who actually vote to accept or to reject the Plan. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting the Plan, provided, however, that **ANY IMPAIRED CLASS OF CLAIMS IN WHICH NO HOLDER VOTES TO ACCEPT OR REJECT THE PLAN WILL BE DEEMED TO HAVE ACCEPTED THE PLAN.** A class that is not “impaired” under the Plan is deemed to have accepted the Plan; solicitation of acceptances with respect to such class is not required. A class is “impaired” unless (i) the legal, equitable and contractual rights to which the claim or interest entitles the holder of such claim or interest are not modified, (ii) with respect to the secured claims, the effect of any default is cured and the original terms of the obligation are reinstated, or (iii) the Plan provides that on the Effective Date, the holder of the claims received on account of such claim or interest, cash equal to the allowed amount of such claim.

C. Confirmation without Acceptance by All Impaired Classes

The Bankruptcy Code contains provisions which would enable the Bankruptcy Court to confirm the Plan, even though the Plan has not been accepted by all impaired classes, provided that the Plan has been accepted by at least one impaired class of Claims. The Debtor believes that, if necessary, it will be able to meet the statutory standards set forth in the Bankruptcy Code for such a confirmation as, under the proposed plan, new value is to be contributed by the party(s) obtaining an equity interest in the Debtor, and such equity interest is not being offered exclusively to Mr. Herzog, the current equity holder. For this purpose, § 1129(b)(1) of the Bankruptcy Code states “Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.”

D. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the cases under § 1112 after the Plan is confirmed if there is a default in performing the Plan. If the Court orders the cases converted after the Plan is confirmed, this Plan provides that property of the estates that has not been disbursed pursuant to the Plan will revert in the Chapter 7 estate and that the automatic stay will be reimposed upon the reverted property to the extent that relief from stay was not previously authorized by the Court during this case.

The order confirming the Plan may also be revoked under very limited circumstances. The Court may revoke the order if and only if the order of confirmation was procured by fraud and if a party in interest brings a motion to revoke confirmation within 180 days after the entry of the order of confirmation.

E. Final Decree

As soon as practicable after confirmation of its plan, the Debtor will, pursuant to Bankruptcy Rule 3022, seek to have a final decree entered in this case. Until the entry of the final decree, quarterly fees, pursuant to 28 U.S.C. § 1930(a)(6), will continue to be payable to the Office of the United States Trustee.

VI. ALTERNATIVES TO THE PLAN

In the course of these proceedings, the Debtor considered several alternatives. First, the Debtor sought to reach a suitable arrangement with its largest creditor, the Plumbers and Pipefitters National Pension Fund. The Debtor also contemplated simply ceasing operations. The Debtor has also considered liquidation under Chapter 7 of the Bankruptcy Code. Ceasing operations or liquidation under Chapter 7, however, would likely result in a diminished return to unsecured creditors.

Under a Chapter 7 case, the assets of the debtor would be liquidated or abandoned by a duly appointed or elected Trustee. In the event of a conversion to Chapter 7, the following is likely to occur:

A. An additional tier of administrative expenses entitled to priority over general unsecured claims pursuant to Title 11, United States Code Section 507 would be incurred. Such administrative expenses would include among other things, the Chapter 7 Trustee's commission and fees for the Trustee's accountants, attorneys and other professionals likely to be retained by him or her.

Given liquidation expenses and administrative claims, it is clear unsecured creditors would recover less upon liquidation than under the Plan.

B. Additional claims against the Debtor's estate would be incurred as a result of the Chapter 7 liquidation. The Debtor has not incurred the expense to determine all such additional liabilities and obligations that a forced liquidation would bring.

C. Further claims would be asserted against the Debtor-in-Possession with respect to such matters as the termination of leases and executory contracts, along with income and other taxes associated with the sale of assets.

The total of all of these items listed above cannot be estimated at this time with any reasonable accuracy, but it is reasonable to conclude that these items would materially increase the claims and obligations to be satisfied out of the proceeds of liquidation and correspondingly would reduce the funds available to satisfy the claims of creditors in the Chapter 11 case.

VII. RECOMMENDATION

Viewing the alternative of liquidation under Chapter 7 versus confirmation of the Plan under Chapter 11, there can be no assurance that any theoretical values that might be obtained from a conversion for the Chapter 11 case to a Chapter 7 liquidation would in fact be obtained. It is the conclusion of the Debtor that the Plan satisfies the opportunity for the Debtor to reorganize its affairs, yet protects the position of all creditors. The Debtor urges all creditors to vote to accept the proposed plan.

DOTSON PLUMBING AND HEATING, INC.

Dated: June 10, 2016

By/Nicholas Herzog
Nicholas Herzog
President

