

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO

In re: CASE NO. 15-61783

PROGRESSIVE CROP SERVICE, LLC CHAPTER 11

Debtor CHIEF JUDGE RUSS KENDIG

SECOND AMENDED DISCLOSURE STATEMENT

Progressive Crop Service, LLC, the above-named debtor, hereby submits their Second Amended Disclosure Statement pursuant to 11 U.S.C. §1125:

11 U.S.C. §1125 requires that there be a post-petition disclosure in the form of a Disclosure Statement that provides "adequate information" to creditors before anyone may solicit acceptances of a Chapter 11 Plan. THIS DISCLOSURE STATEMENT IS PREPARED IN ACCORDANCE WITH 11 U.S.C. §1125 SO AS TO PROVIDE "ADEQUATE INFORMATION" TO THE CREDITORS IN THIS PROCEEDING. CREDITORS ARE URGED TO CONSULT WITH THEIR OWN INDIVIDUAL COUNSEL OR EACH OTHER AND TO REVIEW ALL OF THE RECORDS HEREIN IN ORDER TO FULLY UNDERSTAND THE DISCLOSURE MADE, ANY PLANS OR REORGANIZATION FILED HEREIN, AND ANY OTHER PERTINENT INFORMATION IN THIS PROCEEDING. ANY PLAN OF REORGANIZATION WILL BE COMPLEX, ESPECIALLY SINCE IT REPRESENTS A PROPOSED LEGALLY BINDING AGREEMENT BETWEEN THE DEBTOR AND ITS CREDITORS, AND ANY INTELLIGENT JUDGMENT CONCERNING ANY PROPOSED PLAN CANNOT BE MADE WITHOUT FULLY UNDERSTANDING THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE FULL COMPLEXITIES OF ANY PLAN PROPOSED HEREIN.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO ITS FUTURE BUSINESS OPERATIONS OR VALUE OF PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE.

THE INFORMATION CONTAIN HEREIN HAS NOT BEEN SUBJECTED TO A CERTIFIED AUDIT. HOWEVER, THE DATA IN THE DEBTOR'S POSSESSION IS BASED ON THE CURRENT RECORDS OF THE DEBTOR AS OF SEPTEMBER, 2016, UNLESS

OTHERWISE STATED. THIS DATA IS BASED ON THE RECORDS KEPT BY THE DEBTOR AND GENERALLY ACCEPTED ACCOUNTING PROCEDURES. TO SUCH EXTENT, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY, ALTHOUGH GREAT EFFORT HAS BEEN TAKEN TO MAKE SURE IT FAIRLY REPRESENTS THE CURRENT POSITION OF THE DEBTOR.

VOTING AND CONFIRMATION

All impaired classes have the right to vote on the plan. The plan states which classes are impaired and will be entitled to vote; if the plan states that a class is not impaired and will not be allowed to vote, a member of that class may seek a ruling from the court that the class is impaired and the class must be allowed to vote.

The court may confirm the proposed plan if, for each voting class, it has been accepted by holders of claims in such class which total at least two-thirds in amount and more than one half in number of the allowed and the voting claims therein. If the requisite acceptances are not obtained, the court may nevertheless confirm the plan, thereby binding the rejecting class, if the plan: A) does not discriminate unfairly against a rejecting class, ; B) is “fair”and “equitable” to that class(within the meaning of 11 U.S.C. Section 1129(b)(1); and C) meets the other requirements of 11 U.S.C. Section 1129.

Regardless of the vote tally the court must find that certain statutory requirements have been satisfied before it can confirm the plan. For Example, the court must find that the plan is feasible and that the creditors will get at least as much under the plan as they would get if the Debtor’s assets were liquidated in a Chapter 7 case. Whether or not you have te right to vote, if you do not believe that the plan complies with statutory requirements or if you otherwise object to the confirmation of the plan, you must file objections to confirmation within the time specified in the accompanying notice and should appear at the confirmation hearing.

After confirmation, all estate property vests in Debtor except as otherwise provided by the plan or the confirmation order. If the plan is confirmed , all rights and claims against Debtor will cease, except as otherwise provided by the plan. Confirmation discharges a debtor from all pre-confirmation debt except as specified in 11 U.S.C. Section 1141. Creditors will be bound by the plan, whether or not they voted for it. Creditors generally cannot revive pre-confirmation obligations even if a debtor fails to perform as specified in the plan.

Ballots are to be sent to Edwin H. Breyfogle, Attorney for the Debtor in Possession, 108 Third St NE, Massillon, OH 44646. The Deadline for submission of ballots will be set forth on the Order Approving the Disclosure Statement and the Ballot, both of which you will receive with a copy of the Disclosure as approved by the Court and the Plan which is being submitted to creditors.

INTRODUCTION

On August 25, 2015, Progressive Crop Service, LLC ("Debtor") filed a petition for relief under Chapter 11 of the Bankruptcy Code. Progressive Crop Service, LLC ("Proponent") has submitted a plan of reorganization, a document which proposes to restructure Debtor's financial affairs. A copy of the plan accompanies this statement. The purpose of this disclosure statement is to provide adequate information about the Debtor so that the creditors and interested parties can make an informed judgment about the plan, and intelligently vote for or against it.

Any interested party desiring further information about the Debtor should contact: Edwin H. Breyfogle, 108 Third St NE, Massillon, OH 44646, 330-837-9735 FAX (330) 837-8922, E-Mail edwinbreyfogle@sssnet.com.

DESCRIPTION AND TREATMENT OF CLAIMS; BALANCE SHEET

The plan anticipates the debtor obtaining financing in the total amount of \$500,000.00. The bulk of the money will be obtained from a commercial lending institution. A portion will be obtained from family.

In addition, surplus equipment will be sold. It is anticipated that the sale will bring \$90,000.00.

The current member will sell his membership interest. He will remain as the manager of the business.

The reorganized debtor will pay claims as set forth in the plan.

The accompanying plan of reorganization describes how all claims will be treated under the proposed plan. The Plan divides creditors into various classes. The classes are as follows:

Unclassified claims which are administrative claims Under 11 U. S. Code Section 507(a)(2) for which application or allowance has been filed prior to the distribution date or such other date or dates as the Court determines, the same are allowed, approved, and ordered paid by the Court, post-petition claims of governmental units as defined in 11 U.S. Code, Section 507(8), and post-petition claims of unsecured creditors are as in the ordinary course of debtor's business. The Debtor does not believe it has any unclassified claims, except: (a) Quarterly fees to the Office of the United States Trustee, which are current and which the debtor pays until the case is closed; (b) Attorney fees to Edwin H. Breyfogle, Attorney at Law, which amount is undetermined at this time, but is estimated that it will be approximately \$5,000.00 over the security retainer originally paid.

CLASS 1 CLAIMS. Class 1 claims shall be the claims entitled priority under 11 U.S. Code, Sections 507(a)(1), (3) (4), (5), (6), (7), (9), and (10). as the same are allowed by order of court or operation of law.

CLASS 2 CLAIMS. Class 2 claims shall be tax claims entitled to priority pursuant to 11 U.S. Code, Section 507(a)(8), claims for payment of taxes to which any governmental body, for which a timely proof of claim is filed or which are property scheduled by the debtor as non-contingent, liquidated, and non-disputed claims, as and to the extent that they are allowed, approved, and ordered to be paid by the Court. The debtor is reviewing Proof of Claims filed by the State of Ohio and the Internal Revenue Service and will verify the amounts or object to the claim.

CLASS 3 CLAIMS. Class 3 claims shall be the claim of Commercial Savings Bank secured by all assets of the Debtor in the approximate of \$620,000.00.

CLASS 4 CLAIMS. Class 4 claims are unsecured creditors in the approximate amount of \$200,000.00.

CLASS 5 CLAIMS. Class 5 claim is the claim of Wells Fargo Equipment Finance for the loan secured by Hyundai Loader.

CLASS 6 CLAIMS. Class 6 claims are the interests of Craig Franks as a member of Progressive Crop Service, LLC.

The classes will be treated as follows:

UNCLASSIFIED AND CLASS 1 CLAIMS. Except as otherwise agreed to by the holder of an unclassified claim entitled to priority or a holder of a Class 1 claim, the holders of unclassified claims and Class 1 claims shall be paid in cash and in full from the debtor's cash on hand on the plan distribution date, or a soon thereafter as is reasonably practical, and when their claims are allowed and ordered paid by the court, except that unclassified claims of trade creditors and current employees will be paid in the ordinary course of debtor's business. All unclassified claims, and Class 1 claims, shall be discharged by payment in full of the amount of the allowed claims. Class 1 Claims are an unimpaired Class.

CLASS 2 CLAIMS. The Class 2 creditors, if any, shall be paid in full by receiving equal monthly payments of blended principal with interest at ten percent (10%) simple interest, with payment beginning 90 days after the distribution date, and continuing for three (3) years until paid. Class 2 Claims is an unimpaired Class.

CLASS 3 CLAIMS. Class 3 Claim will be paid in the amount of \$575,000.00 as satisfaction of its Claim. This payment will be completed within 120 days of the effective date of the plan and will come from the sale of equipment and refinancing of the real property.

Adequate protection payments previously ordered will continue until the \$575,000.00 amount is paid, and will not in any way reduce the \$575,000.00 amount, which will come solely from the sale of excess equipment and the refinancing of the real estate.

The bank financing is contingent upon a complete release of Craig and Cheryl Franks from any liability on the notes, and a release of all liens on the real and personal property of the debtor, Craig Frank and Cheryl Franks.

CLASS 4 CLAIMS. Class 4 Claim will be paid at 25% of the amount owed without interest, pro-rata in monthly payments of \$1,000.00 total until the 25% amount has been paid. This is an unimpaired Class.

CLASS 5 CLAIMS. Class 5 Claim the leased equipment has been sold. Any deficiency will be a Class 4 unsecured claim. As to Claim 5 voting purposes, this is unimpaired Class.

CLASS 6 CLAIMS. Class 6 Claims. The member of Progressive Crop Service, LLC will sell his membership interest to Cheryl Franks for the sum of \$5,000.00.

DESCRIPTION OF DEBTOR AND ITS BUSINESS

Progressive Crop Service, LLC, an Ohio Limited Liability Co., was formed an Ohio Limited Liability Co in 1997. It operates on 5576 Ashland Rd, Wooster, Ohio 44691.

The businesses operated by Progressive Crop Service, LLC include asphalt paving, a feed store, and property management including lawn service and snow removal.

The members of the Limited Liability Company is Craig L. Franks. In addition to this company, there were other related companies including CCR Asphalt Mfg., LTD, CFL4 Transport, LLC, and West Liberty Wash, LLC.

REASONS FOR DEBTOR'S FINANCIAL DISTRESS; ACTIONS TAKEN OR TO BE TAKEN TO REMEDY PROBLEMS

All of the related entities had their principal secured creditor The Commercial Savings Bank of Millersburg, Ohio.

In 2014, the Bank accelerated and declared all of the loans in default and declared them due and payable. A number of forbearance agreements were made, and the Bank filed suit against all of the companies on their various notes, seeking judgment, replevin, and foreclosure against all of the entities as well as the various guarantors.

Consent judgments with a deferred execution date were entered into by the various entities, and their principals in February, 2015. There was a stay of execution in the orders which expired on May 15, 2015.

The Debtor and the related entities were unable to obtain refinancing, but were able to sell the West Liberty Car Wash, LLC and CFL4 Transport, LLC.

The Bank levied upon the personal property of CCR, which left a sizeable deficiency balance for the principals.

This Chapter 11 was commenced on August 25, 2015 because the principals of this company believed it could reorganize its finances and operate profitably going forward.

CURRENT FINANCIAL INFORMATION

Current financial information is attached hereto as follows:

1. Federal Tax Return year end September 30, 2013, Exhibit "A".
2. Federal Tax Return year end September 30, 2014, Exhibit "B".
3. Profit and Loss Statement for final year end September 30, 2015, Exhibit "C".
4. Schedules A, B, D and E (Amended) Exhibit "D".
5. Debtor-in-Possession Operating Reports for May 31, 2016, Exhibit "E".
6. Debtor-in-Possession Operating Report for June, 2016, Exhibit "F".
7. Debtor-in-Possession Operating Report for July, 2016, Exhibit "G".
8. Debtor-in-Possession Operating Report for August, 2016, Exhibit "H".
9. Debtor-in-Possession Operating Report for September, 2016, Exhibit "I".
10. Transaction report for all Debtor-in-Possession accounts through October 21, 2016, and revised Operating Report through October 4, 2016, Exhibit "J".
11. Cash flow projections for the next two (2) calendar years, Exhibit "K".
12. Real Estate Appraisal, Exhibit "L".

PREFERENCE ANALYSIS

No payments were made to creditors on account of antecedent debts totaling \$5,000.00 or more to any one unsecured creditor within 90 days of the filing of the Petition.

IMPLEMENTATION OF PLAN FEASIBILITY

The Debtor-in-Possession will fund the Plan through future operations.

MANAGEMENT AND INSIDERS' SALARY

Staffing will continue as it has in the past. The member, Craig Franks, is paid \$0.00 per month in salary, as well as \$0.00 for benefits, and he will continue to receive same until cash flow improves.

DEFAULT

In the event the Debtor shall default in the performance of any of its obligations under the

plan, then the holder of each affected claim may pursue such remedies as are available at law or in equity. An event of default occurring with respect to one claim shall not be an event of default with respect to any other claim. Nothing contained in the plan shall limit the right of any party to reopen this case or to convert this case to a liquidation case under Chapter 7 of the United States Bankruptcy Code if cause for such relief exists.

RISKS

Risks of the Plan include:

- A. Operational income may not increase by the amount required, and/or expenses may increase at an amount to offset any increase.
- B. Real Estate values may deteriorate, leaving insufficient equity to pay creditors in full.
- C. The financing may not be obtained.

ALTERNATIVES

Alternatives to the plan include dismissal of the case, conversion of the case under Chapter 7 or adoption of a different plan.

If the case is dismissed, creditors may assert and enforce their claims against a Debtor by any method allowed by law. Secured creditors may foreclose their security interests and creditors may obtain judgements and levy execution on unencumbered assets.

If this case is converted to a Chapter 7 case, a trustee will be appointed to liquidate Debtor's assets for the benefit of the estate. Costs of liquidation, secured claims (with respect to the specific collateral liquidated), administrative claims and priority claims will have to be paid in full before any payments to unsecured creditors can be made.

The liquidation scenario looks like this:

Real Estate -	\$536,750.00
Equipment -	\$190,000.00
Total Assets -	\$726,750.00
Costs of Sale -	<u>\$ 72,675.00</u>
Total -	\$654,075.00
Claim of CSB -	\$620,000.00
Tax Claims	
Balance to unsecured- \$	0.00

The Debtor-in-Possession believes this scenario is the likely result of a conversion, and that the plan as proposed is in the best interest of creditors.

Respectfully submitted,

/S/ Craig L. Franks
Progressive Crop Service, LLC
By Craig L. Franks, Member

and

/S/ Edwin H. Breyfogle
Edwin H. Breyfogle
Ohio Reg. No. 0000822
Attorney for Debtor-in-Possession
108 Third St NE
Massillon, OH 44646
(330) 837-9735
FAX (330) 837-8922
edwinbreyfogle@sssnet.com