

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

In Re:	*	Case No. 17-31741
		Judge Mary Ann Whipple
Stone Oak Investments, LLC	*	
	*	Chapter 11 Proceeding
Debtor	*	
	*	

CHAPTER 11 DISCLOSURE STATEMENT

Steven L. Diller
Diller & Rice, LLC
124 E. Main Street
Van Wert, Ohio 45891
(419) 238-5025
steven@drlawllc.com

Eric R. Neuman
DILLER & RICE
1105-1107 Adams Street
Toledo, Ohio 43604
Phone: (419) 724-9047
eric@drlawllc.com

ATTORNEYS FOR DEBTOR

INTRODUCTION

This Disclosure Statement (“Disclosure Statement”) is presented to you to inform you of the proposed Plan for restructuring the debt of the Debtor, Stone Oak Investments, LLC, (“Debtor”) and to seek your vote to accept the Plan.

You are encouraged to carefully review the full text of this document, including all exhibits and attachments, before deciding how to vote on the Plan. To assist you in your review, please note that a list of definitions at the end of this document.

Whether the Plan is confirmed is subject to complex legal rules that cannot be fully described here. You are strongly encouraged to read the Plan carefully and to consult an attorney to help you determine how to vote and whether to object to confirmation of the Plan.

If the Plan is confirmed, the payments promised in the Plan constitute new contractual obligations that replace the Debtor’s pre-confirmation debts. Creditors may not seize their collateral or enforce their pre-confirmation debts so long as Debtor performs all obligations under the Plan. If Debtor defaults in performing Plan obligations, any creditor can file a motion to have the case dismissed or converted to a Chapter 7 liquidation, or enforce their non-bankruptcy rights. Debtor will be discharged from all pre-confirmation debts (with certain exceptions) if Debtor makes all Plan payments.

You are strongly urged to should consider discussing this document with an attorney.

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 _____, 2017, 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 A.

You are urged to carefully read this Disclosure Statement before making a decision to accept or reject the 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.

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EXHIBITS

Exhibit A-Proposed Plan

Exhibit B-Signed Order Valuing Debtor's Real Property

Exhibit C-Liquidation Analysis

SUMMARY OF THE PROPOSED PLAN AND DISTRIBUTIONS TO CREDITORS

The Debtor's Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Stone Oak Investments, LLC (the "Debtor") from cash infusions of capital from the Debtor's principal, Bonnie Sue Ostrander ("Ms. Ostrander"). Based on this proposal, the Debtor has obtained an order from the Court allowing it to establish a special account under Bankruptcy Rule 3020 for the purpose of partially implementing this Plan. ("Special Account"). At the time of the filing of this Disclosure Statement, this account had or will have more or less a balance of \$11,283.00, with all the funds coming from Ms. Ostrander.

The Debtor's proposed Plan provides for three (3) classes of secured claims; one (1) class of unsecured claims; and one (1) class of equity security holders. Unsecured creditors holding allowed claims will receive distributions, which the proponent of this Plan has valued at

approximately three (3) cents on the dollar. The proposed Plan also provides for the payment of administrative and priority Claims.

ARTICLE 1

BACKGROUND OF THE DEBTOR

1.1. Filing of the Debtor's Chapter 11 Case.

On June 1, 2017, the Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. This Chapter 11 case is pending in the Bankruptcy Court in the Northern District of Ohio, Western Division.

1.2. Nature of the Debtor's Business.

At this time, the Debtor does not engage in any business operation. In the future, the Debtor intends to generate income and operate as a business based upon certain claims she has against a third party. *See* Article 1.4.

1.3. Legal Structure and Ownership.

The Debtor is an Ohio Limited Liability Company. Its sole member is Ms. Ostrander who is also the sole manager of the Debtor. Ms. Ostrander does not receive any compensation from the Debtor.

DISCLOSURE-It is anticipated that Ms. Ostrander will continue to serve in the capacity of the sole manager of the Reorganized Debtor. It is not anticipated that Ms. Ostrander will receive any compensation from the Debtor.

1.4. Debtor's Assets.

The Debtor's sole tangible assets consists of a parcel of real property, having an address of: 9136 Angola Road, Holland, Ohio. ("Real Property"). The Debtor recently obtained an appraisal for this Real Property showing that it has a value of \$13,000.00.

At this time, no income is derived from this Real Property. Notwithstanding, the Debtor believes that the Real Property may, in the future, realize income based upon the property's adjacency to an entity operating a gas station/convenience store which must utilize the Real Property for drainage purposes. For this purpose, the Debtor listed in its bankruptcy schedules a potential claim against this entity for trespass. It is the Debtor's intention to pursue this Claim. ("Trespass Claim").

1.5. Debtor's Liabilities.

Three entities claim an interest in the Debtor's Real Property. In order of priority, the Debtor believes these creditors to be:

(a) Statutory Lien for Real Estate Taxes in favor of the Lucas County Treasurer in the amount of \$28,443.04;

(b) a mortgage and judgment lien¹ in favor Pigott, Ltd. who, based upon a filed proof of claim, set forth the value of this interest in the amount in the amount of \$72,497.25; and

(c) a mortgage in favor of the Farmers and Merchants' State Bank, dated August 26, 2014. At this time, the Debtor believes approximately \$36,288.00 is due and owing on this mortgage.

Columbia Gas of Ohio also filed a general unsecured claim in the amount of \$399.61. (Cl. No. 4-1).

The Debtor is not aware of any other creditors in this case.

1.6. Current and Historical Financial Conditions.

Presently, and for the preceding two years, the Debtor has not realized any income.

1.7. Events Leading to the Filing of the Bankruptcy Case.

At the time of the filing of this case, the Debtor's Real Property was set to be sold through a foreclosure sale based upon unpaid property taxes. It was this foreclosure action which caused the Debtor to seek bankruptcy relief.

1.8. Significant Events During the Bankruptcy Case.

The Debtor has obtained Court approval to establish a special account under Bankruptcy Rule 3020 for the purposes of assisting in the implementation of its proposed Plan. (Doc. No. 28). Information regarding this case was presented to the Court at a status hearing conducted by the Court on August 2, 2017. (Doc. No. 22). The Debtor has also obtained an order from the Court, valuing its Real Property, for purposes of 11 U.S.C. § 506, at \$13,000.00. A copy of the Court's order is attached hereto as Exhibit B.

At this time, no other significant events have occurred.

1.9. Projected Recovery of Avoidable Transfers

¹ The mortgage was recorded on December 6, 2011, with the Lucas County Recorder's office and is designated document number 20111206-0051028. The Judgment Lien was filed on December 14, 2016, with the Lucas County Court of Common Pleas Clerk of Courts in Case Number 4801-LN-201610667-000.

The Debtor has a potential fraudulent transfer claim based upon the following circumstances. On or around June 14, 2014, the Debtor sold a parcel of real property having an address of 1120 South Raab Road, Swanton, Ohio. From this sale, the Debtor realized proceeds in the sum of \$28,740.80. Such funds were then transferred to other entities.

The Debtor will not seek to pursue these transfers under the provision of Chapter 5 of the Bankruptcy Code and believes that fair consideration was received from the transfers. Notwithstanding, the Debtor is including the full amount of the transfers, \$28,740.80, in its liquidation analysis for purpose of 11 U.S.C. § 1129(a)(7).

ARTICLE 2

THE PLAN

The Debtor's Plan must describe how its Creditors will be paid. Certain Claims are entitled to specific treatment under the Bankruptcy Code and are not placed in a class for purpose of payment. For example, Administrative Expenses and Priority Tax Claims are not classified.

As required by the Code, the Plan places Claims and Equity Interests in various classes and describes the treatment each class will receive. The Plan also states whether each class of Claims or Equity Interests is impaired or unimpaired. A Claim or Equity Interest can be impaired if the Plan alters the legal, equitable or contractual rights to which the Claimants are otherwise entitled. If the Plan is confirmed, each Creditor's recovery is limited to the amount provided in the Plan.

Only Creditors in classes that are impaired may vote on whether to accept or reject the Plan, and only Creditors holding Allowed Claims may vote. A class accepts the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the Allowed Claims that actually vote, vote in favor of the Plan. Also, a class of Equity Interest holders accepts the Plan when at least two-thirds (2/3) in amount of the allowed Equity Interest holders that actually vote, vote in favor of the Plan. A class that is not impaired is deemed to have accepted the Plan.

2.1. Unclassified Claims.

Certain types of Claims are automatically entitled to specific treatment under the Code. For example, Administrative Expenses and Priority Tax Claims are not classified. 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 proposed Plan does not place the following Claims in any class:

A. Administrative Expenses

Under the proposed Plan, the Debtor must pay all Administrative Expenses in full. If an Administrative Expense is disputed, the Bankruptcy Court must determine the validity and amount of the Administrative Expense, or in other words, "allow" the Administrative Expense. Any Administrative Expense that is undisputed and is due and owing on the Confirmation Date must be paid on the Effective Date of the Plan, or upon such other terms as agreed upon by the

Debtor and the Administrative Claimant. If the Administrative Expense is disputed, payment will be made after the administrative Expense is allowed by the Bankruptcy Court.

There are several types of Administrative Expenses, including the following:

1. If the Debtor trades in the ordinary course of business following its filing of the Chapter 11 Case, Creditors are entitled to be paid in full for the goods or services provided. This ordinary trade debt incurred by the Debtor after the Petition Date will be paid on an ongoing basis in accordance with the ordinary business practices and terms between the Debtor and its trade Creditors.
2. If the Debtor received goods it has purchased in the ordinary course of business within 20 days before the Petition Date, the value of the goods received is an Administrative Expense.
3. Administrative Expenses also include any post-petition fees and expenses allowed to professionals, including attorneys and accountants employed upon Bankruptcy Court authority to render services to the Debtor during the course of the Chapter 11 cases. These fees and expenses must be noticed to Creditors and approved by the Bankruptcy Court prior to payment.

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

Type	Estimated Amount Owed	Proposed Treatment
Expenses arising in the ordinary course of business after the Petition Date	\$0.00	Paid in full on the Effective Date, or according to the terms of the obligation, if later.
Administrative Tax Claim	\$0.00	Paid in full on the Effective Date or according to separate written agreement.
The value of goods received in the ordinary course of business within 20 days before the Petition Date	\$0.00	Paid in full on the Effective Date, or according to the terms of the obligation, if later.

Professional fees, as approved by the Bankruptcy Court	To be determined at later date. Est. \$7,500.00.	Paid in full on the Effective Date, or according to separate written agreement, or according to Bankruptcy Court order if such fees have not been approved by the Bankruptcy Court on the Effective Date.
Other Administrative Expenses	\$0.00	Paid in full on the Effective Date or according to separate written agreement.
United States Trustee Fees ²	\$325.00	Paid in full on the Effective Date
Total	\$7,825.00	

B. Priority Tax Claims.

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

Each holder of a Priority Tax Claim will be paid as set forth in the chart below:

Name of Taxing Authority and Type of Tax	Estimated Amount Owed	Treatment
None	None	Pmt Interval = Monthly payment = Begin Date = End Date = Interest Rate % = Total Payment = \$

2.2 Classes of Claims and Equity Interests.

The following is a summary of the Classes of Claims and Interests in the proposed Plan, and whether such Claims and Interest are Impaired.

Class	Description	Impairment
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² All fees required to be paid by 28 U.S.C. § 1930(a)(6) (“United States Trustee Fees”) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Bankruptcy Code. Any United States Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date.

Class #1	Secured Claim of Lucas County Treasurer	Impaired-Entitled to Vote
Class #2	Secured Claim of Pigott LTD.	Impaired-Entitled to Vote
Class #3	Secured Claim of Farmers and Merchants State Bank	Impaired-Entitled to Vote
Class #4	General Unsecured Claims	Impaired-Entitled to Vote
Class #5	Equity Interest	Not Impaired-Not entitled to Vote

Class One – Secured Claim of Lucas County Treasurer

(a) Secured Claim of Lucas County Treasurer

At the commencement of the case, the Debtor was delinquent with respect to outstanding real estate taxes which had accrued against the Real Property. Pursuant to Ohio law, these outstanding real estate taxes constitute a first priority lien on the Debtor's Real Property.

Based upon the Debtor's delinquency in its real estate taxes, the Lucas County Treasurer filed an amended proof of claim in the amount of \$28,443.04. (Cl. No. 1-2).

(b) Proposed Treatment of Secured Claim of Lucas County Treasurer.

In its proposed plan, the amended proof of claim filed by the Lucas County Treasurer shall be allowed in the amount filed. ("Claim"). (\$28,443.04). For purposes of 11 U.S.C. § 506, this Claim shall be treated in the proposed Plan as a fully secured claim.

Under the Plan as proposed, the Claim of the Lucas County Treasurer shall be paid over a period not to exceed five (5) years. For purpose of the proposed Plan, and unless the Lucas County Treasurer agrees to a different treatment on its Claim, the amount to be paid on the Claim shall, pursuant to 11 U.S.C. § 1129(b)(2)(A), constitute the present value of such claims based upon a fixed annual rate of interest of 5.00%. Pursuant to 11 U.S.C. § 1123, the Claim of the Lucas County Treasurer shall, in the proposed Plan, be modified so that the present value of the Remaining Claim is paid over a period of five (5) years.

Under the proposed Plan, payments on the Claim of the Lucas County Treasurer shall be made on an equal monthly basis, commencing on the fifth day of the month following the Effective Date of the Plan, and shall continue to be made thereafter on the fifth day of each month, unless such date falls on a Saturday, Sunday or other federal holiday in which case such payment shall be due on the first business day thereafter. No prepayment penalty shall apply.

Monthly payments under the proposed Plan shall total \$536.75.

Under the proposed plan, until its Claim is paid in full, as provided above, the Lucas County Treasurer shall retain its interest in the Debtor's Real Property to the extent provided for under applicable nonbankruptcy law. Upon its Claim being fully paid in accordance with the proposed Plan, any further interests claimed by the Lucas County Treasurer in the Debtor's Real Property shall vest in the Reorganized Debtor free and clear of such interests.

Notwithstanding, in the proposed Plan it is provided that nothing shall prejudice the Debtor from seeking to have its tax liability to the Lucas County Treasurer reassessed according to procedures under applicable nonbankruptcy law.

Class Two – Secured Claim of Piggott, LTD

(a) Secured Claim of Piggott, LTD (“Piggott”)

Piggott holds a mortgage against the Debtor's Real Property dated January 18, 2011, and which was recorded with the Lucas County Recorder's office on December 6, 2011, and designated document number 20111206-0051028 (“Mortgage”).

On November 13, 2014, a judgment was entered with respect to this Mortgage by the Lucas County Court of Common Pleas in Case Number TF2013014444, awarding Piggott judgment in the amount of \$48,218.17. This judgment was then docketed as a judgment lien against the Debtor's Real Property through the filing of a certificate of judgment on December 16, 2014, in Case Number LN201610667. (“Judgment Lien”). This Judgment Lien is directly junior to the interest in the Real Property held by the Lucas County Treasurer.

(b) Treatment of Secured Claim of Piggott

Piggott has filed a proof of claim in the amount of \$72,497.25. (Cl. No. 2-1). For purposes of 11 U.S.C. § 502, the Debtor's plan proposes that this claim shall be allowed in this Plan in the Amount filed. (“Claim”).

Based upon the finding of the Court that the value of the Debtor's Real Property, for purposes of § 506, is \$13,000.00, the Debtor's Plan proposes to treat the Claim of Piggott as entirely unsecured. In accordance therewith, the Debtor's Plan proposes the following treatment for Piggott's claim:

In the proposed Plan, the Claim of Piggott shall be treated as a fully unsecured claim for purposes of 11 U.S.C. § 506(a) and shall be entitled to the treatment provided for in Class Four (4) of the proposed Plan; and

Any interest claimed by Piggott in the Debtor's Real Property on account of its Mortgage and/or Judgment Lien shall be avoided and deemed void pursuant to 11 U.S.C. § 506(d), and the Debtor shall be entitled to seek from the Court an Order providing for the avoidance of that interest

The Debtor's Plan further proposes that, except as otherwise specified in this Plan, upon confirmation of the Plan, any and all interests held by Pigott in estate property shall vest in the Reorganized Debtor free and clear of such interests, and shall be discharged and extinguished pursuant to Bankruptcy Code §§ 506(d), 1123(b)(5), and 1141(c).

Class Three – Secured Claim of Farmers and Merchants State Bank

(a) Secured Claim of Farmers and Merchants State Bank (“Farmers and Merchants”)

Farmers and Merchants holds a mortgage against the Debtor's Real Property dated April 28, 2014, and which was recorded with the Lucas County Recorder's office on August 26, 2014, and designated document number 20140826-0034401. (“Mortgage”).

On November 13, 2014, a judgment was entered with respect to this Mortgage by the Lucas County Court of Common Pleas in Case Number TF2013014444, finding that the claim of Pigott in the Debtor's Real Property was superior in right to that of the Mortgage claim by Farmers and Merchants in the Debtor's Real Property.

(b) Proposed Treatment of Secured Claim of Farmers and Merchants

At the time of the filing of this Disclosure Statement, no proof of claim had been filed by Farmers and Merchants. The Debtor's Plan proposes that the amount of the Claim of Farmers and Merchants shall, in the proposed Plan, be in the amount allowed by the Court pursuant to 11 U.S.C. § 502, based upon any proof of claim filed by Farmers and Merchants or if no timely proof of claim is filed by Farmers and Merchants, the claim of Farmers and Merchants shall be allowed in the amount of \$36,288.00. (“Claim”).

Based upon the finding of the Court that the value of the Debtor's Real Property, for purposes of § 506, is \$13,000.00, the Debtor's Plan proposes to treat the Claim of Farmers and Merchants as entirely unsecured. In accordance therewith, the Debtor's Plan proposes the following treatment for Farmers and Merchant's Claim:

In the proposed Plan, the Claim of Farmers and Merchants shall be treated as a fully unsecured claim for purposes of 11 U.S.C. § 506(a) and shall be entitled to the treatment provided for in Class Four of this Plan; and

Any interest claimed by Farmers and Merchants in the Debtor's Real Property on account of its Mortgage shall be avoided and deemed void pursuant to 11 U.S.C. § 506(d), and the Debtor shall be entitled to seek from the Court an Order providing for the avoidance of that interest.

The Debtor's Plan further proposes that, except as otherwise specified in this Plan, upon confirmation of the Plan, any and all interests held by Farmers and Merchants in estate property shall vest in the Reorganized Debtor free and clear of such interests, and shall be discharged and extinguished pursuant to Bankruptcy Code §§ 506(d), 1123(b)(5), and 1141(c).

Class Four – General Unsecured Claims

(a) General Unsecured Claims

This class consists of all general unsecured claims of the Debtor which have not otherwise been classified in this Plan and which are otherwise allowed claims under 11 U.S.C. § 502. This Class includes any claims asserted as secured claims, but which are determined to be unsecured claims under 11 U.S.C. § 506(a).

Voting-For those creditors treated in Class Two and Three of this Plan, any portion of their claims determined to be allowed unsecured claims shall be entitled to vote in this Class based upon and to the extent of the unsecured portion of their respective allowed claims.

In the proposed Plan, the “Special Account” established by the Debtor shall be used to partially fund distributions in this Class.

(b) Proposed Treatment of General Unsecured Claims

In the proposed Plan, claimants in this Class shall be entitled to receive, based upon the amount of their allowed unsecured claim, a pro-rata distribution as follows:

- (1) \$14,791.00, representing the liquidation value of the Debtor as set forth in Exhibit C;
and
- (2) the amount of the “Capital Contribution” made under Class Five of this Plan.

The Debtor’s proposed Plan provides that distributions herein shall occur as follows:

(A) Distribution from the Special Account (\$11,283.00) and on account of the Capital Contribution (\$1,000.00) shall be made, pro-rata on allowed unsecured claims, on the later of the following dates:

the fifth day of the month following the date on which all claims filed by the Bar Date become allowed claims for purposes of 11 U.S.C. § 502, unless such date falls on a Saturday, Sunday or other federal holiday in which case such payment shall be due on the first business day thereafter; or

the fifth day of the month following the Effective Date of this Plan, unless such date falls on a Saturday, Sunday or other federal holiday in which case such payment shall be due on the first business day thereafter.

(B) The remaining amount to be disbursed, estimated to be \$2,508.00, shall be disbursed, pro-rata on allowed unsecured claims, and shall be made over a period of one (1) year, in 12 equal monthly payments, commencing on first month following the Effective Date of the Debtor’s proposed Plan, and continuing each month thereafter, until all required payments are complete.

Such payments shall be due on the fifth day of each month unless such date falls on a Saturday, Sunday or other federal holiday in which case such payment shall be due on the first business day thereafter. No interest shall accrue on such claims and no prepayment penalty shall apply.

Under the proposed plan, payments made 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. No further distributions for claims in this Class are contemplated. For purposes herein Plan, allowed claims are defined by reference to and the application of 11 U.S.C. §§ 502, 506 and 1111(a).

All claimants holding allowed unsecured claims in this Class are impaired, and are entitled to vote on the proposed Plan.

Based upon the value of its Real Property, the Debtor estimates that under the Proposed Plan allowed claims in this Class are as follows:

Claimant	Amount	Pro-rata share
Piggot	\$72,497.25	66.40%
Farmers and Merchants	\$36,288.00	33.24%
Columbia Gas	\$ 399.61	00.36%
Total	\$109,184.85	100%

Class Five – Equity Interest

a. Equity Interests.

This class consists of the membership interest issued by the Debtor. At the time of the commencement of this case, and at the time of the filing of this Disclosure Statement, Ms. Ostrander was the sole member of the Debtor.

b. Treatment of Equity Interest

Under the proposed Plan, it is provided that upon confirmation of the Plan, the membership interest in the Debtor now held by Ms. Ostrander shall continue to be held by and shall revest in Ms. Ostrander 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. Under the proposed Plan, this retention by Ms. Ostrander of her membership interest in the Debtor shall not, under the Plan, be deemed

to be on account of her prepetition membership interest in the Debtor, but instead, as set forth in the following paragraph, shall be on account of the contribution of “New Value” to the Debtor.

Under the proposed Plan, the New Value contributed by Ms. Ostrander shall total at least \$12,283.00 and shall consist of the following two components:

(1) Those funds, totaling at least \$11,283.00, held in the Special Account established pursuant to Court Order; and

(2) The “Capital Contribution” made to the Debtor, and which is subject to disbursement according to Class Four (4) of this Plan.

Under the proposed Plan, the amount of the Capital Contribution shall consist of the sum of \$1,000.00, and shall be contributed by Ms. Ostrander to the Reorganized Debtor on or before the Effective Date of the Plan for distribution to those creditors holding allowed claims in Class 4 of this Plan. For this contribution, the proposed Plan provides that Ms. Ostrander shall have no legal recourse against the Debtor, the Reorganized Debtor or the estate for the Capital Contribution.

Nonexclusive right

Notwithstanding, under the proposed Plan, it is provided that any interested party, including any creditors holding claims against the Debtor, may seek to purchase Ms. Ostrander’s membership interest in the Debtor by contributing New Value to the Debtor in an amount greater than proposed above. In the event that an entity wishes to contribute such New Value, 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

THIS DISCLOSURE SHALL CONSTITUTE A SOLICITATION FOR BID FOR THE EQUITY INTEREST OF THE DEBTOR.

SUCH NOTICE MUST BE RECEIVED BY THE COURT NO LATER THAN THE DAY SET BY THE COURT FOR OBJECTING TO THIS PLAN.

If a higher bid is received, meaning that new value in amount of \$12,283.00 is being offered, 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. The party making the highest bid shall be deemed to be the “winning bidder.”

Under the proposed Plan, it is provided that the winning bidder shall be required to make their contribution of New Value to the Debtor by or before the Effective Date of the Plan.

Under the proposed Plan it is provided that if a third party is deemed by the Court to be the winning bidder, said party shall be required to pay to Ms. Ostrander by or before the Effective Date of the Plan an amount equal to the funds held in the Special Account. Upon payment of such funds to Ms. Ostrander, the proposed Plan provides that the highest bidder shall be permitted to retain the funds held in the Special Account for distribution according to the terms of this Plan.

Under the proposed Plan, it is provided that the amount of the winning bid in excess of the funds held in the Special Account will be deemed to be a “Capital Contribution” and shall be disbursed to claimants pursuant to Class Four (4) of this Plan.

Under the proposed Plan, it provided that upon the Effective Date of the Plan, the outstanding membership interest in the Debtor, as now held by Ms. Ostrander, shall vest in the winning 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 winning bidder shall then become entitled to operate the Debtor according to the terms of the proposed Plan.

2.3. Objection to Claims.

Pursuant to an order entered by the Court, the bar date deadline for filing proofs of claim by all creditors required to file a claim in order to participate in Debtor’s plan and proofs of interest by equity security holders was set for September 1, 2017. (Doc. No. 25). The Debtor’s proposed Plan provided that the Debtor may object to the amount or validity of any Claim within the later of 90 days of the Effective date of the proposed Plan or within 90 days after the Bar Date established by the Court. Under the proposed Plan, if and when a Disputed Claim is finally resolved by the allowance of the Claim in whole or in part, the Debtor will pay the Allowed Claim in accordance with the Plan.

2.4. Means for Implementation of the Plan.

Under the proposed Plan, it provided that all funds necessary to implement the proposed Plan will be contributed by Ms. Ostrander or to the extent another party contributes New Value to the Debtor, by the winning bidder as set forth in Class Five of this Plan.

Notwithstanding, to the extent Ms. Ostrander Debtor retains her equity interest in the Debtor, she intends to pursue the Trespass Claim and the revenue derived therefrom will enable the Debtor, after the consummation of this Plan, to become an operating entity with income.

2.5 Disbursing Agent.

Under the Debtor's proposed Plan, distributions to Creditors provided for in the Plan will be made by Ms. Ostrander or to the extent another party contributes New Value to the Debtor, by the winning bidder as set forth in Class Five of this Plan.

2.6 Post-Confirmation Management.

Under the Debtor's proposed Plan, upon confirmation, the Reorganized Debtor will be managed by Ms. Ostrander or to the extent another party contributes New Value to the Debtor, by the winning bidder as set forth in Class Five of this Plan. To the extent Ms. Ostrander is the manager, she does not anticipate receiving any salary for serving in this position.

2.7. 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.

2.9. Risk Factors/Mitigating Factors

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 herein 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.

At this time, the Debtor is not an operating entity and produces no income. Payments to creditors under the Debtor's Plan are thus dependent upon Ms. Ostrander or the winning bidder making the required contributions to the Debtor. In the event that these contributions are not made, payments under the Plan could be placed in jeopardy.

ARTICLE 3

FEASIBILITY OF PLAN

The Bankruptcy 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.

3.1. Ability to Initially Fund Plan.

Funding for the proposed Plan will initially come from the Special Account established pursuant to Court order. The funds in this account will enable the Debtor to commenced making payments according to this Plan.

3.2. Ability to Make Future Plan Payments And Operate Without Further Reorganization.

Funding for the proposed Plan will initially come from the Debtor's sole member, this being either Ms. Ostrander or the highest bidder for this equity interest. In order to become the sole member of the Debtor, a new value contribution will have to be made which will fully satisfy the claims of unsecured creditors according to the terms provided in the proposed plan. At the confirmation hearing, the Debtor will, if necessary, present evidence that its sole member, whether Ms. Ostrander or the highest bidder, will be able to service the remaining secured debt according to the terms of this Plan.

ARTICLE 4

LIQUIDATION VALUATION

To confirm the Plan, the Bankruptcy Court must find that all Creditors and Equity Interest holders who do not accept the Plan will receive at least as much under the Plan as such

Claimants and Equity Interest holders would receive in a Chapter 7 liquidation. A liquidation analysis is attached hereto as Exhibit C, showing that this requirement has been met.

ARTICLE 5

DISCHARGE.

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

ARTICLE 6

GENERAL PROVISIONS.

6.1. Title to Assets.

The proposed Plan provided that, except as otherwise provided in the Plan or in the order confirming the Plan, (i) confirmation of the Plan vests all of the property of the estate in the Debtor, and (ii) after confirmation of the Plan, the property dealt with by the Plan is free and clear of all Claims and Equity Interests of Creditors, equity security holders, and of general partners in the Debtor.

6.2. Binding Effect.

If the proposed Plan is confirmed, the provisions of the Plan will bind the Debtor and all Creditors, whether or not they accept the Plan. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

6.3. Severability.

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

6.4. Retention of Jurisdiction by the Bankruptcy Court.

Under the proposed Plan, it is provided that the Bankruptcy Court shall retain jurisdiction of this case with regard to the following matters: (i) to make such orders as are necessary or appropriate to implement the provisions of this Plan and to resolve any disputes arising from implementation of the Plan; (ii) to rule on any modification of the Plan proposed under section 1127; (iii) to hear

and allow all applications for compensation to professionals and other Administrative Expenses; (iv) to resolve all issues regarding Claims objections, and issues arising from the assumption/rejection of executory contracts or unexpired leases, and (v) to adjudicate any cause of action which may exist in favor of the Debtor, including preference and fraudulent transfer causes of action.

6.5. Captions.

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

6.6. Modification of Plan.

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

6.7. Final Decree.

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

ARTICLE 7

RESERVATIONS

In addition, the Debtor's proposed plan, sets forth the following terms:

7.1 Notwithstanding any other provisions of this Plan, disputed claims shall only be paid upon their final allowance by the Court and according to the terms set by the Court.

7.2 Notwithstanding the confirmation of the Plan, the Debtor shall retain and remain in possession after confirmation of the Plan of all causes of action as it may have under the United States Bankruptcy Code, and the Debtor shall be authorized to prosecute such actions as fully and completely as if the same were being prosecuted by a Trustee in Bankruptcy, except to the extent waived by the Debtor herein.

7.3. Upon confirmation, the Reorganized Debtor shall be entitled to manage its affairs without further Order of the Court in order to complete this Plan.

7.4. The Debtor may propose amendments or modifications of this Plan at any time prior to confirmation, with leave of the Court, upon notice. After confirmation, the Debtor may, with approval of the Court, and so long as it does not materially or adversely affect the interest of creditors, remedy and defect or omission, or reconcile any inconsistencies in the Plan, or in the order of purposes and effect of this Plan.

ARTICLE 8

DEFINITIONS

8.1. The definitions and rules of construction set forth in §§ 101 and 102 of the Bankruptcy Code shall apply when terms defined or construed in the Code are used in this Plan. The definitions that follow that are found in the Code are for convenience of reference only, and are superseded by the definitions found in the Code. Further, where in a particular class, an item is placed in quotation, that quotation shall apply only to that particular class.

8.2. Administrative Claimant: Any person entitled to payment of an Administration Expense.

8.3. Administrative Convenience Class: A class consisting of every unsecured claim that is less than or reduced to an amount that the Bankruptcy Court approves as reasonable and necessary for administrative convenience.

8.4. Administrative Expense: Any cost or expense of administration of the Chapter 11 case entitled to priority under Section 507(a)(2) of the Code and allowed under Section 503(b) of the Code, including without limitation, any actual and necessary expenses of preserving the Debtor's estate, any actual and necessary expenses incurred following the filing of the bankruptcy petition by the Debtor-in-Possession, allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under the Bankruptcy Code, and any fees or charges assessed against any of the Debtor's estates under Chapter 123, Title 28, United States Code.

8.5 Administrative Tax Claim: Any tax incurred pursuant to Section 503(b)(1)(B) of the Code.

8.6. Allowed Claim: Any claim against the Debtor pursuant to Section 502 of the Code to the extent that: (a) a Proof of Claim was either timely filed or was filed late with leave of the Bankruptcy Court or without objection by the Debtor, and (b) as to which either (i) a party in interest, including the Debtor, does not timely file an objection, or (ii) is allowed by a Final Order.

8.7. Allowed Priority Tax Claim: A Priority Tax Claim to the extent that it is or has become an Allowed Claim, which in any event shall be reduced by the amount of any offsets, credits, or refunds to which the Debtor or Debtor-in-Possession shall be entitled on the Confirmation Date.

8.8. Allowed Secured Claim: Allowed Secured Claims are claims secured by property of the Debtor's bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under § 506 of the Code.

8.9. Allowed Unsecured Claim: An Unsecured Claim to the extent it is, or has become, an Allowed Claim, which in any event shall be reduced by the amount of any offsets, credits, or refunds to which the Debtor or Debtor-in-Possession shall be entitled on the Confirmation Date.

8.10. Bankruptcy Code or Code: The Bankruptcy Reform Act of 1978, as amended and codified as Title 11, United States Code.

8.11. Bankruptcy Court: The United States Bankruptcy Court for the District of Ohio.

8.12. Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure.

8.13. Cash: Cash, cash equivalents and other readily marketable securities or instruments issued by a person other than the Debtor, including, without limitation, readily marketable direct obligations of the United States of America, certificates of deposit issued by banks and commercial paper of any entity, including interest accrued or earned thereon.

8.14. Chapter 11 Case: This case under chapter 11 of the Bankruptcy Code in Which Stone Oak Investments is the Debtor-in-Possession.

8.15 Claim: Any “right to payment from the Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for future performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, disputed, undisputed, secured or unsecured.” 11 U.S.C. § 101(5).

8.16. Class: A category of holders of claims or interests which are substantially similar to the other claims or interests in such class.

8.17. Committee: Any Committee of Creditors appointed by the United States Trustee in the chapter 11 case pursuant to Section 1102 of the Bankruptcy Code.

8.18. Confirmation: The entry by the Bankruptcy Court of an order confirming this Combined Plan and Disclosure Statement.

8.19. Confirmation Date: The Date upon which the Bankruptcy Court shall enter the Confirmation Order; provided however, that if on motion the Confirmation Order or consummation of the Plan is stayed pending appeal, then the Confirmation Date shall be the entry of the Final Order vacating such stay or the date on which such stay expires and is no longer in effect.

8.20. Confirmation Hearing: Any hearing by the Court on the confirmation of the Plan.

8.21. Confirmation Order: An order of the Bankruptcy Court or any amendment thereto confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

8.22. Creditor: Any person who has a Claim against the Debtor that arose on or before the Petition Date.

8.23. Debtor and Debtor-in-Possession: Stone Oak Investments, LLC, the debtor-in-possession in this Chapter 11 Case.

8.24. Disputed Claim: Any claim against the Debtor pursuant to Section 502 of the Code that the Debtor has in any way objected to, challenged or otherwise disputed.

8.25. Distributions: The property required by the Plan to be distributed to the holders of Allowed Claims.

8.26. Effective Date: Thirty days after the entry of an order by the Court confirming the Plan.

8.27. Equity Interest: An ownership interest in the Debtor.

8.28. Executory Contracts: All unexpired leases and executory contracts as described in Section 365 of the Bankruptcy Code.

8.29. Final Order: An order or judgment of the Bankruptcy Court that has not been reversed, stayed, modified or amended and as to which (a) any appeal that has been taken has been finally determined or dismissed, or (b) the time for appeal has expired and no notice of appeal has been filed.

8.30. IRC: The Internal Revenue Code.

8.31. Petition Date: June 1, 2017, the date the chapter 11 petition for relief was filed.

8.32. Plan: This Combined Plan and Disclosure Statement, either in its present form or as it may be altered, amended, or modified from time to time.

8.33. Plan Proponent: The individual or entity that has filed this Combined Plan and Disclosure Statement.

8.34. Priority Tax Claim: Any Claim entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

8.35. Reorganized Debtor: The Debtor after the Effective Date.

8.36. Schedules: Schedules and Statement of Financial Affairs, as amended, filed by the Debtor with the Bankruptcy Court listing liabilities and assets.

8.37. Secured Creditor: Any creditor that holds a Claim that is secured by property of the Debtor.

8.38. Special Account. The Account established pursuant to the Court's order, dated August 3, 2017, and docketed at document number 26.

8.39. Unsecured Creditor: Any Creditor that holds a Claim in the Chapter 11 case which is not a secured Claim.

Dated: October 5, 2017

STONE OAK INVESTMENTS LLC.

By /s/Bonnie Sue Ostrander
Bonnie Sue Ostrander