IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In re:	:	
	:	
MARGUERITE R. BILLBROUGH, P.C.	:	**Chapter 11**
	:	
	:	**Case No. 15-12338(JKF)**
Debtor	:	

AMENDED DISCLOSURE STATEMENT
DATED NOVEMBER 15, 2016
FOR MARGUERITE R. BILLBROUGH, P.C.

I. INTRODUCTION

A. Background

Marguerite R. Billbrough, P.C., hereinafter referred to as the "Debtor", is a Professional Corporation duly organized, formed, and existing under the laws of the Commonwealth of Pennsylvania with its principal place of business and executive offices located at 1553 Chester Pike, Suite 101, Crum Lynne, Pennsylvania. The Debtor has been engaged in Bankruptcy Proceedings since the filing of a Voluntary Petition under Chapter 11 of Title 11 of the United States Code on April 6, 2015. The bankruptcy reorganization proceeding is pending before the Honorable Jean K. FitzSimon, United States Bankruptcy Judge for the Eastern District of Pennsylvania, under Case No. 15-12338(JKF). The Debtor operates a opthalmic medical practice under the trade name of "Center for Sight of Delaware County."

Since the bankruptcy filing, the Debtor has continued in the legal possession of its assets and in control of the operation of its financial affairs pursuant to the authority set forth in Sections 1107 and 1108 of the Bankruptcy Code. On June 28, 2016, the Debtor filed a Plan of Reorganization with the Bankruptcy Court pursuant to 11 U.S.C. §1121(a). The Debtor believes

the Plan as proposed presents the best possible treatment for the allowable claims which exist against the Bankruptcy Estate within the most reasonable period of time, giving full consideration to the assets of the Debtor, its financial resources and abilities.
The Plan proposes a partial payment of unsecured claims over a five year period of time.

Prior to soliciting acceptance of the treatment proposed to various classes of creditors under the Plan, the Debtor was required to forward this Disclosure Statement pertaining to the applicable Plan providing adequate supporting information to allow each creditor entitled to vote on the Plan as proposed with information to permit the creditor to intelligently vote of the Plan. On June 28, 2016, the Debtor filed both the Plan and this Disclosure Statement with the Bankruptcy Court. Notice of the filing of the Disclosure Statement was sent to all creditors and parties who had previously expressed interest in the case and requested the ability to receive notices. The Notice informed persons of the right to comment on the adequacy of the information set forth in this Disclosure Statement. South Eastern Economic Development Company of Pennsylvania filed a limited Objection to the original Disclosure Statement related to the amount and projected treatment of professional fees which have been and will be incurred under the Plan. This Amended Disclosure Statement was prepared to address the concerns raised under the objection. This Amended Disclosure Statement dated November 15, 2016 shall be hereinafter referred to as the "Disclosure Statement."

A hearing on the adequacy of the information in the proposed Disclosure Statement was conducted by the Bankruptcy Court. At the hearing on the adequacy of the Disclosure Statement parties were afforded the opportunity to request any additional information be incorporated into the Disclosure Statement or to present objections to the information as it is presented. The Disclosure Statement was determined to contain sufficient information to enable those entitled to

vote on the Plan with sufficient information to make an informed decision about the treatment proposed for each class of creditors in the Plan. The Disclosure Statement approved by the Bankruptcy Court supporting the Amended Plan of Reorganization dated November 15, 2016 shall hereinafter be referred to simply as the "Disclosure Statement."

The Debtor firmly believes the Plan of Reorganization dated November 15, 2016 as filed provides for the optimum payments to creditors within the shortest practical and realistic period of time giving consideration to the creditors, the Debtor's resources, current market conditions, and the Debtor's business abilities.

B. Purpose of Disclosure Statement

The Debtor provides this Disclosure Statement to all creditors, current interest holders, and parties in interest in the Debtor's Bankruptcy case, including the Office of the United States Trustee, pursuant to §1125 of Title 11 of the United States Code, for the purpose of providing adequate information about the Debtor, its assets, creditors, and interrelationships of companies and individuals. This Disclosure Statement shall provide creditors and interest holders entitled to vote on the Plan with adequate information to make an informed decision on how to vote on the Plan which has been proposed and to permit the Debtor to solicit acceptances to the Plan of Reorganization.

Previously, this Disclosure Statement has been submitted to the Bankruptcy Court for review and comment by any creditor or interested party and, after notice to all creditors, the counsel representing the Office of the United States Trustee, and other interested parties of the filing of the Disclosure Statement, the opportunity to present any comment or objection to the information which has been provided, or to suggest any additional information be included, and

the occurrence of a hearing, it was determined that the Disclosure Statement contained such information as was reasonably practical under the circumstances of this case to permit you to make an informed judgment about the voting on the proposed Plan. The approval by the Bankruptcy Court of the Disclosure Statement means that the Disclosure Statement contains "adequate information" for creditors of the Debtor to vote on the Plan.

Pursuant to §1125(a)(1) of the Bankruptcy Code, adequate information is defined as "information of a kind, and in sufficient detail as far as is reasonably practical in light of the nature and history of the Debtor, and the condition of the respective Debtor's books and records that would enable a hypothetical reasonable investor, typical of holders of claims or interests of the relevant class, to make an informed judgment about the Plan." No statements or information concerning the Plan or the transactions contemplated thereby have been authorized, other than statements or information contained in this Disclosure Statement and the information accompanying this Disclosure Statement. All other statements regarding the Plan and transactions contemplated thereby, whether written or oral, are not authorized. Approval of this Disclosure Statement by the Bankruptcy Court, however, does not indicate the Bankruptcy Court recommends either acceptance or rejection of the Plan.

You are strongly urged to read the Disclosure Statement in its entirety in detail because it contains important information concerning the Debtor’s history, assets, results of operations, prospects for maintaining existing business and developing new business and the effects of material litigation which the company was involved with prior to the commencement of the case. The Disclosure Statement also summarizes and analyzes the present Plan and presents certain forecasts and projections with respect to the contemplated Reorganized Debtor’s operations, along with likely alternatives to the Debtor should the Plan not be confirmed. Please read the

Plan fully and obtain independent professional advice if you deem it necessary. The definitions contained in the Plan apply to this Disclosure Statement, and each recipient hereof is urged to review the provisions of the Plan prior to reviewing the Disclosure Statement and keep it available for reference during your review of the Disclosure Statement.

For the Debtor's Plan, as proposed, to be enforceable against all creditors of the Debtor, including your claim, it is necessary for the Debtor to gain acceptance of the Plan. A Plan will be deemed accepted if two-thirds in amount and one-half in the number of allowed claims of each class of impaired claims designated in the Plan indicate the willingness by affirmative vote to accept the terms of treatment as described in the Plan. Your claim will only receive the treatment which is outlined in the Plan. Based on the foregoing, the Debtor has forwarded this Disclosure Statement to provide each creditor entitled to vote with sufficient information concerning the background, assets, and proposed future operations, financing, and indebtedness of the Debtor in order to permit the creditor, such as yourself, to make an informed decision about the exercise of your right to vote in favor of the Debtor's Plan

C. Voting Instructions

Accompanying this Disclosure Statement is a copy of the Bankruptcy Court Order approving the Disclosure Statement and the Voting Procedures, forms and materials. The Order directs important time limitations relating to the solicitation of your approval of the Plan, including the time in which each creditor must be sent this information, the last date for filing written acceptances or rejections to the Plan by those claimants eligible to vote, the last date for filing and service of formal written objections to the confirmation of the Plan, fixing a date on

which a report must be made on the results of Plan voting, and fixing the day and time for a hearing on the Confirmation of the Plan.

Creditors of the Debtor who are to be paid in full under the Plan and under the terms permitted by the Bankruptcy Court are conclusively presumed to have accepted the Plan, and solicitation of their acceptance is not required. **Votes are being solicited only from those classes whose claims may be impaired under the Plan.** It is important for you to exercise your right to vote, since the majority in number and two-thirds in amount of the solicited claimants who actually vote may bind those who do not vote. An eligible claimant who does not vote for acceptance or rejection of the Plan will have no bearing on the outcome of voting.

Further, it is important to know that, notwithstanding minimal requirements for voting for the acceptance by each individual creditor of an impaired class, the Bankruptcy Court may, on a request of the proponent of the Plan, confirm the Plan if it does not discriminate unfairly, and is fair and equitable with respect to each class of impaired claimants. If the Plan, or a modification thereof, is not accepted by one or more impaired classes of claims held by creditors and is not confirmed by the Bankruptcy Court, the Debtor may be unable to secure the necessary funds to repay its obligations. This Disclosure Statement discusses this as an alternative. You are advised to read the relevant sections below.

THE PLAN IS PROPOSED BY THE DEBTOR. THE DEBTOR URGES ALL CREDITORS TO VOTE IN FAVOR OF THE PLAN BECAUSE IT PROVIDES THE GREATEST AND EARLIEST POSSIBLE RECOVERY TO CREDITORS REASONABLY OBTAINABLE. YOUR VOTE IN FAVOR OF THE PLAN IS RECOMMENDED BECAUSE THE PLAN MAXIMIZES THE VALUE OF THE DISTRIBUTION ON YOUR CLAIM AND MINIMIZES DELAY IN RECOVERIES BY ALL CREDITORS. THE PLAN ALLOWS CREDITORS TO PARTICIPATE IN DISTRIBUTIONS IN EXCESS OF WHAT WOULD BE AVAILABLE IF THE DEBTOR WAS TO HAVE ITS ASSETS LIQUIDATED UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

II. BACKGROUND OF THE DEBTOR

A. In General

Marguerite R. Billbrough, P.C., the Chapter 11 Debtor in this case, is a registered domestic professional corporation. The Debtor operates a multi-specialty ophthalmological medical practice in Delaware County, Pennsylvania. The Debtor was formed in Pennsylvania on September 29, 1997 by Dr. Marguerite R. Billbrough and has been continuously practicing since this date. The practice provides comprehensive eye care medical services devoted to improving the patient's vision by using state-of-the-art technology that assists in providing eye care treatments that enhances the patient's quality of life.

The practice is operated under the direction, management and control of Marguerite R. Billbrough, M.D. Dr. Marguerite Billbrough is a native of Delaware County. She is a Georgetown Medical School graduate, and completed her residency as the Washington Hospital Center. Dr. Billbrough then completed Corneal Fellowship training at Georgetown University. She has been practicing in the ophthalmological area providing state-of-the-art medical and surgical ophthalmic care to the community for over seventeen years. Dr. Billbrough is a Diplomat of the American Board of Ophthalmology, a Fellow of the American Academy of Ophthalmology, and a Member of the American Society of Cataract and Refractive Surgeons.

B. Acquisition and Construction of Ridley Professional Building

In 2006, Dr. Billbrough desired to move her existing medical practice from a leased location to a medical office facility which she held an ownership interest in the building facility.

As a result, Dr. Billbrough got involved in the development and construction of a planned professional office condominium project which was located and developed at 1553 Chester Pike in Crum Lynne, Pennsylvania. Dr, Billbrough, through a separately formed entity, MLB Realty, LLC, acquired ownership in office condominium unit of the building. MLB Realty, LLC financed the acquisition, construction, and specialized fit out of the office condominium which includes two fully functioning and licensed operating rooms through a number of funding sources. A primary loan facility was obtained from Santander Bank on January 22, 2007 in the amount of $1,346,115. This indebtedness was secured through a mortgage lien conveyed by MLB Realty, LLC related to its interests in the condominium real estate, and was further collaterally guaranteed by the Debtor.

The funding for the acquisition, development, and fit out of the medical condominium unit was also financed through an additional loan facility issued through a U.S. Small Business Administration by the South Eastern Economic Development Company of Pennsylvania. This second loan facility was obtained on August 10, 2007 in the amount of $1,385,000. This loan facility was also guaranteed by both Marguerite R. Billbrough, individually and the Debtor. Dr. Billbrough also formed a third entity by the name of Ridley Crossings Medical Center. Ridley Crossings Medical Center operates the Operating Rooms Facilities at the Office Condominium. Ridley Crossings Medical Center incurred substantial fit out and equipment costs to maintain the operating room facilities of the condominium unit.

C. **Santander Bank Line of Credit Loan Facility**

In addition to the construction financing referenced above the Debtor had also arranged to obtain separate loan facilities originally for general operating purposes. One such facility was

a $150,000 revolving line of credit demand facility received from Santander Bank originally on February 18, 2005. This loan facility was used for general business operation purposes. In February of 2008, the Debtor extended the capacity of this revolving line of credit to $300,0000 with the intention of using the additional borrowing to further fund improvements in the new office facility. This loan facility was at the time of issuance secured by a collateral pledge of certain assets owned by the Debtor. At some point in time all of the Santander Bank loan issued to or guaranteed by the Debtor were sold or otherwise transferred for some consideration to PNL Newco II, LLC of Dallas, Texas and remains a holder in due course of the subject loans.

D. M & T Bank Loan Facility

Prior to the bankruptcy filing the Debtor had previously arranged to obtain a $100,000 loan facility from Keystone Financial Bank, N.A. In conjunction with the loan arrangement the Debtor was requested to sign a Commercial Security Agreement dated May 30, 2000 which identified certain collateral in the security agreement. A representative of the Debtor also signed a Financing Statement requested by Keystone Financial Bank, N.A. Both documents were signed by Dr. Billbrough and a hand-written notation was placed on the documents reporting the entity name as "Marguerite R. Billbrough, M.D., P.C." The Financing Statement was sent for and recorded on June 5, 2000 with the Pennsylvania Department of State listing the Debtor under the incorrect corporate name. The original financing statement was filing number 31700330.

Subsequent to the creation of the original loan facility by Keystone Financial Bank, N.A., the lender was acquired and merged with M & T Bank effective October 6, 2000. On April 4, 2001, the Debtor, Marguerite R. Billbrough, P.C. entered a separate Promissory Note with M & T Bank in the amount of $100,000. The M & T Business Access Line of Credit Note is silent as

to whether any collateral was pledged to secured the indebtedness evidenced by the April 4, 2001 Note. On August 31, 2001, the Debtor again executed a third note in the amount of $30,000 to M & T. Again this third Note does not reference any security.

On April 11, 2005, M & T engaged a third party vendor to file a UCC-3 Financing Statement Amendment. The Financing Statement Amendment as filed indicated the document was a continuation and identified that it was filed against the organization "Marguerite **B.** Billbrough." The Financing Statement Amendment did indicate the initial financing statement was 31700330. The Financing Statement Amendment under section 3 stated:

"Continuation: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law."

On January 15, 2010 and December 11, 2014, M & T twice engaged separate vendors to file additional UCC Financing Statement Amendments. These Financing Statement Amendments seeming have more standard language contained under section 3 relating to the continuation of the alleged security interest and not referencing the termination of any security interest.

The Debtor and M & T do not dispute that M & T is a creditor of the Debtor and was owed approximately $93,105.64 as of May 20, 2015. The Debtor listed this claim as unsecured on its Bankruptcy Schedules. M & T Bank claims its loan is fully secured against the Debtor's Assets.

E. <u>Management of the Debtor before and After the Bankruptcy</u>

Management of the Debtor both prior to and during the Chapter 11 case has been performed exclusively by Dr. Billbrough. She is the sole medical doctor who holds any ownership interest in the Debtor. The Plan proposes that current management remain in similar

positions with the Reorganized Debtor. Dr. Billbrough has been drawing a salary of $84,000 per year since the commencement of the case. It is contemplated that the Doctor will continue to be employed by the Reorganized Debtor subsequent to the confirmation of the Plan. Without her on-going direct involvement, the Debtor cannot exist.

F. Events Leading to Chapter 11 Filing

It is unquestionably clear that the Debtor's bankruptcy was caused by its inability to service the significant debt created by the acquisition, construction, and fit out of the medical office condominium unit. It was always contemplated by Dr. Billbrough that she would lease or partner with other medical practitioners to generate independent revenues to service the acquisition and construction debt. Despite substantial efforts to locate and place either contract or partner with independent medical practitioners in a state of the art ambulatory care center, neither she, nor multiple agents and brokers were able to locate a committed practitioner within a reasonable period of time. The Debtor was simply unable to generate sufficient cash to effectively service all of the debt. The cash drain on the company necessitated the Chapter 11 filing. Both PNL and SEEDCoPa declared payment defaults and instituted litigation in the State Court to enforce its interests which effectively forced the Bankruptcy filing.

G. Significant Events during the Bankruptcy

1. Bankruptcy Proceedings

The bankruptcy case was required to be instituted to appropriately deal with the numerous litigation matters. Since the inception of the initial Chapter 11 case the Debtor has operated its business and has attended to its regular business affairs without substantial incident.

Initially the Debtor was required address the potential issues with M & T Bank as to whether the Bank held a valid security interest in Debtor's assets and whether the Bank was entitled to adequate protection payments for any claimed lien is cash collateral assets. The parties litigated this issue before the Court and following the issue being fully briefed the Bankruptcy Court found its own difficulty in determining the appropriate result and directed the parties to investigate further information from the Pennsylvania Department of State to permit the Court to make an ultimate decision. The Debtor and M & T have cooperated and the Bank has allowed the Debtor to continue to operate without adequate protection payments while the respective parties investigate further proofs. The Plan, as proposed, concedes M & T Bank should be allowed to hold a secured claim, but impairs the treatment of this claim under the Plan.

During the case administration, the Debtor has also needed to deal with a sundry of operational issues. These matters included an extended review and negotiation regarding the Debtor's efforts to address and maintain its pre-petition cash management system to avoid any disruption in the receipt of Medicare reimbursement payments needed for the business operations; efforts to avoid the unnecessary expense of requiring the appointment of a Health Care Ombudsman by confirming and assuring confidentiality and important protection of all patient medical records and communications; disputes with a former contract doctor who provided pre-petition medical services at the facility; and extended negotiations with the PNL and the Commercial Condominium Association over disputed common area charges which were undocumented and were being attempted to be assessed improperly against the Debtor.

At the time of filing the chapter 11 case the Debtor was in possession of its medical office facility pursuant to a lease agreement which it held with MRB Realty, LLC. As was noted, PNL Newco II, LLC had commenced mortgage foreclosure proceedings related to the

office condominium property. The bankruptcy filing on behalf of the Debtor-tenant had no impact on the state court foreclosure proceeding against MLB Realty, LLC, a non-debtor entity who separately held legal title to the office condominium unit. During the pendency of the bankruptcy case, PNL obtained a Judgment in mortgage foreclosure against MLB Realty, LLC, scheduled, and effectuated a Sheriff's Sale of the condominium unit. In approximately October 2015, PHL received a Sheriff's Deed to the premises. During the pendency of the State Court foreclosure process the Debtor engaged in continued negotiations with PNL to preserve its right to remain in possession of the medical office facility and a corresponding right to have access to the surgical portion of the condominium space. PNL and the Debtor effectively agreed to a month to month lease terminable by either party upon 90 days notice for a rental payment of $10,000 per month. The parties have honored and operating under this lease agreement since July 2015.

Prior to the bankruptcy filing the Debtor was in active negotiations with representatives from a Regional Health System over a possibly cooperative or sharing arrangement for the long term use of the surgical center facility. If this arrangement came to fruition, the entire bankruptcy likely would have been avoided. Unfortunately this arrangement did not come together quickly enough and the Debtor was obligated to seek bankruptcy protection. The filing for the bankruptcy did not discontinue the interests of the Regional Health System in obtaining use rights to the ambulatory care facility. When PNL succeeded to ownership rights in the property, PNL continued in discussions and negotiations for the hospital system's use of the facility. PNL and the Regional Health System appears to have reached an agreement for the long term lease of the entire condominium unit and the Debtor believes it will be successful in negotiating and finalizing an independent sub-lease agreement with the Regional Health System

for the use of a portion of the space it is presently using once Hospital System takes possession of the premises. This leasing arrangement will enable the Debtor to improve its operational efficiencies and will assist in the Debtor's ability to effectuate the contemplated Plan of Reorganization.

The Debtor has consistently filed all required operating reports with the Court, and has timely paid the requisite quarterly fees to the United States Trustees System. Overall the Debtor has been able to meet its normal expenses in a reasonably timely manner since the inception of the case and believes it is poised and capable to effectuate the Plan as has been proposed. The Debtor experienced a reduction in operating revenues during the first several months after the bankruptcy filing feeling the recessionary impact of the overall economy, however, revenues in 2016 have stabilized and are steadily increasing showing that the economic conditions are improving and providing optimism the business will turnaround.

2. Actual and Projected Recovery of Preferential or Fraudulent Transfers

The Debtor has not identified any preferential payments necessitating instituting any action to avoid payments made during the 90 days prior to the filing of the case on April 5, 2015 other than the obligation to avoid the financing statement filed by PNL Newco II, LLC on the date the bankruptcy was filed. This is not surprising recognizing the Debtor was relatively current in the payment of its normal operating expenses to most vendors and as a result, most vendors who received payments during the 90 days prior to the bankruptcy filing were paid in the ordinary course of business of the parties. The Debtor has also not made any payments to

anyone who would be considered an insider during the year prior to the Bankruptcy filing and, as a result, there are no insider preference actions which would benefit the estate of the Debtor.

On the day the Bankruptcy was filed, however, PNL Newco II, LLC filed a financing statement with the Department of State seeking to reinstate its former security interest in the Debtor's personal property which had previously lapsed. Since this security interest had lapsed prior to the filing of the bankruptcy, the filing of the financing statement during the 90 days prior to the chapter 11 bankruptcy represents an avoidable preference which the Debtor will pursue, avoid, and render the alleged secured claim of PNL Newco II, LLC as unsecured.

III. SUMMARY OF THE PLAN OF REORGANIZATION

A. CLASSIFICATION OF CLAIMS. The Plan filed by the Debtor classifies the Claims of creditors in the following classes:

1. Administrative Expenses and Fees The first class of claims under the Plan is identified as the administrative claims as defined under 11 U.S.C. §503. Administrative expenses are claims for fees, costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(1), including all professional compensation requests pursuant to Sections 330 and 331 of the Code. The Code requires that all administrative expenses including fees payable to the Bankruptcy Court and the Office of the United States Trustee which were incurred during the pendency of the case must be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment. This class of creditors also includes all post petition obligations incurred by the Debtor which arose subsequent to the commencement of the Bankruptcy case.

As it pertains to professional fees, pursuant to the Bankruptcy Code, the Bankruptcy Court must approve all professional compensation and expenses before the compensation and expenses may be paid by the Debtor to the respective professional who had rendered the service to the Debtor. The professional must file and serve a properly noticed fee application requesting the Bankruptcy Court's approval of the compensation and reimbursement of expenses and the Court must rule that the services rendered and expenses incurred were reasonable and necessary as of the time they were performed. Only the amount of compensation and reimbursement of expenses allowed by the Court will be owed and required to be paid by the Debtor under this Plan as an administrative claim.

Each professional person who asserts an administrative claim that accrues before the confirmation date shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice an application for compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date of the Plan. Failure to file such an application timely may result in the professional person's claim being barred and discharged. Any person or party asserting an administrative claim shall be entitled to file a motion for allowance of the asserted administrative claim within thirty days of the Effective Date of the Plan, or such administrative claim shall be deemed forever barred and discharged. No motion or application is required to fix the fees payable to the Clerk's Office or Office of the United States Trustee. Such fees are determined by statute.

As indicated above, the Reorganized Debtor will need to pay the full amount of administrative claims and all professional fees on the Effective Date of the Plan, or as soon thereafter as such claims become an approved and allowed administrative claim, unless a claimant has agreed to be paid later or the Court has not yet ruled on the claim. In order to allow

for a feasible Plan, it will likely be necessary for professionals to agree to defer some portion of their professional fees over time since it is anticipated the Debtor will not have sufficient cash resources to pay all allowed fees of professionals in full when they are approved by the Bankruptcy Court.

2. Secured Claim of M & T Bank. Secured claims are claims secured by liens on property of the estate. In this case the Debtor believes it only has one secured creditor, M & T Bank who is owed the sum of approximately $93,000. Initially the Debtor challenged the validity of whether M & T Bank was secured. After substantial review and negotiations, the Debtor has determined it is not economically prudent to continue this argument and had reached an agreement with M & T for the treatment of its claim under the Plan as a secured claim. Class II shall be the aggregate secured claim of M & T Bank representative of the total monies advanced to the Debtor prior to the commencement of the bankruptcy case which remained outstanding as of the filing of the case together with all interest which has also accrued at the contract rate. M & T Bank has a lien, and shall retain this lien on all of the Debtor's assets until the claim is fully satisfied under the terms of the Bankruptcy Plan.

3. **Priority Unsecured Tax Claims**. The third class of creditors under the Plan shall be the claims of any governmental taxing authority that may hold an allowed outstanding pre-petition tax claim entitled to priority treatment under the Plan. Recently, the Internal Revenue Service filed an Amended Proof of claim suggesting that there is no claim outstanding. There are no other outstanding tax claims. All required tax filings are current.

4. Executory Contract Claims. The fourth class of claims under the Debtor's Plan consists of certain pre-petition executory contract claims. These claims include

several personal property equipment leases which the debtor either a direct obligor or has guaranteed. The Debtor presently intends to assume each of these lease interests. All executory contract claims are current and no pre-petition monies are due under these leases.

5. General Unsecured Claims. The fifth class of claims are the general unsecured creditors. General unsecured claims are uncollateralized claims not entitled to priority under Code Section 507(a). This class includes the unsecured guaranty claims for loan indebtedness outstanding to PNL Newco II, LLC and of SEEDCoPa, LLC.

6. Equity Interest Holders. Interest holders are the persons who hold ownership interest (i.e., equity interest) in the Debtor. The sole pre-petition shareholder of the Debtor is Dr. Marguerite R. Billbrough.

C. Treatment of Claims under the Plan

The Debtor's Plan proposes that creditors receive the following treatment on their respective claims:

1. Class I - Administrative Expenses

Subject to the terms and conditions of existing and pending contractual relationships with the respective Debtors, the allowed Administrative Expenses shall be paid in their ordinary course when the contractual obligation to pay any post petition claim comes due from business revenues earned or payable to the Chapter 11 Estate, to the extent funds are available, and, if not then, in cash on the Effective Date.

The allowed Administrative Expense claims for professional fees authorized to be paid by a Final Order and bankruptcy costs, if not paid from operating revenues of the Debtor, shall be paid in full in cash on the Effective Date, or as may be agreed to between the respective professionals and the debtor. There are two professionals who have been engaged by the Debtor

in connection with this chapter 11 proceeding, the legal counsel for the Debtor and the Accountant for the Debtor. Each professional had previously filed a First Interim Fee Application detailing services rendered from the inception of the bankruptcy proceeding through July 31, 2015. Each of these respective applications were approved and the Debtor has made some payments on account of these approved professional fees.

Additionally, each of the professionals have continued to render services through the current date and will be required to submit additional fee applications with the Court to approve the payment of these additional services. As of October 15, 2016, the legal counsel for the Debtor has billed the bankruptcy estate the sum of $103,172.25 As stated, the Debtor's counsel had filed a first interim fee application with the Bankruptcy Court requesting the approval of legal fees incurred in conjunction with the case covering the period April 6, 2015 through July 31, 2015 in the amount of $38,914.50. The Court approved these fees on an interim basis. In addition, since August 1, 2015 through October 15, 2016, counsel has incurred an additional sum of $64,941.25 in fees which will be covered by a second interim fee application to be filed with the Bankruptcy Court. Once reviewed and presumably approved by the Bankruptcy Court this additional sum will be owed to the legal counsel to the Debtor. Counsel will further incur additional legal fees through the date the Plan of Reorganization is eventually confirmed. All approved fees will be required to be paid by the Debtor in conjunction with the Plan.

The Debtor has also engaged an accountant, Charles J. Ozeck, CPA, for the Debtor. A first interim fee application has been filed on behalf of the Debtor's accountant with the Bankruptcy Court requesting the approval of accounting fees incurred in conjunction with the case covering the period April 6, 2015 through July 31, 2015 in the amount of S13,560.00. These fees were also approved on an interim basis. In addition, since August 1, 2015 through

September 30, 2016, counsel has incurred approximately $22,805.00 in fees which will be covered by a second interim fee application to be filed with the Bankruptcy Court. Once reviewed and presumably approved by the Bankruptcy Court this additional sum will be owed to the accountant to the Debtor. Similar to counsel, the accountant will also incur additional professional fees through the date the Plan of Reorganization is eventually confirmed. All approved fees will be required to be paid by the Debtor in conjunction with the Plan.

Evaluating the status of the case currently, and presuming the Debtor will be successful in quickly gaining the approval of the Disclosure Statement and Plan, the professionals project additional fees of $17,500 to counsel and approximately $7500 for the accountant. After crediting all payments made to date on account of approved fees it is presently envisioned the Plan as proposed will be required to cover approximately $124,000 in professional fee payments. The Plan provides that professionals will be paid these fees once approved over time at a rate of $3500 per month. Resultantly, the Debtor projects it will take 36 months (35.42) to cover this anticipate expense.

Once the professionals are paid allowed fees as required under the Bankruptcy Code, the Reorganized Debtor will use a portion of these funds to increase the distribution made to unsecured creditors. In months 37 through 60 of the Plan the payment to the unsecured creditors' pool will increase from $500 per month to $2500 per month. The other funds which will be available will be used for anticipated capital cost improvements including deferred replacement of the Servers, operating station computers, handheld devices, scanners, and software upgrades which have been and will be deferred during the initial years of the Plan. The upgrade and maintenance costs, including installation is estimated to cost between $50,759 and $60,274.

Administrative claims other than the professionals are not impaired under the Plan. The professionals may be impaired but have agreed to work with the Debtor and the Reorganized Debtor to accept the payment of their approved fees overtime, if necessary, to enable the Reorganized Debtor to meet the other proposed plan payments to creditors.

2. Class II - Secured Claim of M & T Bank

The Class II Secured Claim of M & T Bank shall be impaired under the Plan. The Class II Secured Claim of M & T Bank is represented by a former line of credit loan in the face amount of $100,000. Under the Plan the loan shall be termed out over a 60 month period with the Debtor making equal monthly payments on account of the outstanding indebtedness together with interest at a rate of 4%. The intent here is to give the Debtor the ability to solidify its business operations and enable the Debtor to commence making payments for funding the payment pool for a distribution to allowed unsecured claims. **This claim is impaired.**

3. Class III- Priority Unsecured Tax Claims

Any and all allowed priority unsecured tax claims, if any, shall be paid in full together with any accrued interest due thereon at the appropriate government tax rate on the Plan Effective date. This class is NOT impaired under the Plan.

4. Class IV – Executory Contract Claims

The Debtor has various forms of executory contract claims and leases. Each of these contracts shall be assumed by the Reorganized Debtor upon confirmation of the plan and paid in accordance with the respective contract terms. There are no known existing pre-petition arrearages on these claims. Claims in this class, if any, are not impaired and no votes shall be

solicited from any member of this class of creditors. This class of creditors is deemed to have accepted the Plan. This class is NOT impaired under the Plan.

6. Class VI - Allowed Unsecured Claims

The Allowed Claims of general unsecured creditors shall be paid a proportional amount of their allowed claim on a pro-rata basis of the total amount of each claimant's allowed claim to the total general unsecured claim pool. The Reorganized Debtor shall create a payment fund by contributing the sum of $500 per month to the unsecured creditors claim fund for the first 36 months of the Plan and then increase the payments to $2500 per month for the final 24 months of the 60 month plan creating a total projected distribution fund in the amount of $78,000. The disbursing agent shall make distributions on a pro-rata basis to the allowed unsecured claims on a semi-annual basis with the first distribution being made 180 days following the Plan Effective Date, and semi-annually thereafter. Creditors in this class are impaired and shall be afforded the right to vote on the Plan.

The Debtor's schedules listed creditors holding $1,836,499 in unsecured non-priority claims. Some of these claims may have been disputed. The Bankruptcy Claims Registry reflects that unsecured non-priority creditors have filed claims totaling $1,682,478. Once the Debtor is successful in removing disputed claims from the distribution calculation it is projected the unsecured claims pool will be in the range of $1,492,798. The proposed $78,000 distribution should return approximately just over 0.05 of allowed claim amounts.

7. Class VII - Existing Equity Security Holders (Members) of the Debtor

Class VII members are the equity interest holders of the Debtor. On the Effective Date, all existing membership interests of the Debtor shall be canceled and discharged and the holder thereof shall not receive any distribution under the Plan on account of such Equity Security Interest. Both prior to the Bankruptcy Filing and during the pendency the member of the Debtor, may have advanced or loaned funds to the Debtor for the purposes of assisting it in meeting current operational expenses. Such insider loans shall not be paid under the Plan.

D. Means of Effectuating the Plan

Primary funding for the Plan payments to creditors shall be generated through regular business revenues and a New Value Contribution being provided by Marguerite R. Billbrough in the amount of $25,000. This contribution shall be made in exchange for new equity interest holdings in the Reorganized Debtor. Because the Debtor is a professional corporation, a licensed practitioner must be a Member and only licensed practitioners may be members.

Upon confirmation, the Debtor does anticipate that its administrative expenses and legal costs will decrease. Confirmation of this Plan may require concessions and agreements by the Debtor's professionals to defer the payment of some of their anticipated allowed professional fees incurred in the administration of this bankruptcy case. The anticipated cash contribution which will be required by the principal of the Reorganized Debtor entity to assure the Debtor can meet if Plan Effective Date financial obligations shall constitute a new value contribution of money or money's worth reasonably equivalent in view of all the circumstances of this particular case sufficient to support a determination by the Bankruptcy Court that this Plan as proposed is fair

and equitable and the funding contributions act as an appropriate and necessary consideration to the absolute priority distribution provisions of 11 U.S.C. §1129(b)(2)(B).

All equity interests to be issued by the Reorganized Debtor pursuant to the Plan are not subject and shall be exempt from registration under the Securities Act of 1933, as amended, pursuant to 11 U.S.C. §1145. The Reorganized Debtor is a Limited Liability Company organized formed and existing under the laws of the State of Delaware.

Appended to this Disclosure Statement are a series of schedules and operational forecasts which evidences the Debtor's projected ability to meet the Plan funding obligations. The Debtor's ability to meet the Plan funding commitment in the amounts as proposed is also facilitated by the Debtors' professionals agreeing to defer the payment of their fees, once approved, to assist the Reorganized Debtor in having sufficient cash to make the payments to the unsecured creditors and M & T Bank.

E. Disbursing Agent

The accounting firm of Charles J. Ozeck, CPA shall act as the Disbursing Agent for the Reorganized Debtor under this Plan. The Disbursing Agent shall and agrees to comply with all requirements of Local Rule 3021-1 of the Local Rules of Bankruptcy Procedure for the Eastern District of Pennsylvania including the filing of all post-confirmation reports for all distributions. The Accounting firm is competent and willing to serve as the disbursing agent for the Reorganized Debtor. The Disbursing Agent shall be responsible for making the semi-annual plan disbursements to the unsecured creditors under the plan and will prepare, with the assistance of counsel, all quarterly Post Confirmation Disbursement Reports. The proposed Disbursing Agent

is a firm of licensed Certified Public Accountants but shall provide or otherwise obtain any necessary bond or other approved security required pursuant to Local Rule 3016-1(e)(3). The Bond shall be in the amount of $30,000 which is representative of the projected to be disbursed to the unsecured creditors over the five year term of the Plan as proposed. It is anticipated the Bond security will cost the Bankruptcy Estate between $500 and $750. The Bond will be acquired at market rates existent as of the effective date for the Plan as confirmed and will be paid as a cost of administration form the Debtor.

The Disbursing Agent shall be compensated by the Reorganized Debtor for professional services rendered as the Disbursing Agent at his firm's billing rates submitted on a periodic basis as a continuing obligation for concluding the administration of the Bankruptcy Case and effectuating the distribution to creditors on the Effective Date. Such fees to the Disbursing Agent shall be limited to reasonable fees incurred with respect to making the required distributions in accordance with the Plan and filing the required Post Confirmation reports as required under the Bankruptcy Rules and mandated procedures.

E. Other Provisions of the Plan

1. Changes in Rates Subject to Regulatory Commission Approval

This Debtor is not subject to governmental regulatory commission approval of its Rates.

2. Retention of Jurisdiction

The Court will retain jurisdiction as provided in Section XI of the Plan.

3. Procedures for Resolving Contested Claims.

All creditors were required to file Pre-Petition claims by January 5, 2016. The Debtor shall file an objection to any secured, priority, or general unsecured claim within **30 days** of the Bankruptcy Court entering an Order approving this Disclosure Statement. This will enable all creditors whose claim is objected to file a motion with the Bankruptcy Court in advance of the confirmation hearing to allow their claim to be estimated for plan voting purposes if such would be found reasonably permissible by the Court. The Debtor has identified the following claims which will be objectionable:

Claim No.	Claimant	Amount
10	PNL Newco,LLC *(as secured claim)*	$78,789.00

5. Effective Date

The Plan will become effective on the Effective Date which is three days following the date on which an Order of confirming the Plan becomes a Final Order

6. Modification

The Debtor may alter, amend or modify the Plan at any time prior to the Confirmation Date, and thereafter, as provided in Section 1127(b) of the Bankruptcy Code. If the Debtor modifies the Plan at any time before confirmation, however, the Bankruptcy Court may require a new disclosure statement and/or revoting on the Plan if proponent significantly modifies the Plan before confirmation. Any plan proponent may also seek to modify the Plan at any time after confirmation so long as (1) the Plan has not been substantially consummated and (2) the

Court authorizes the proposed modification after notice and a hearing. The Debtor further reserves the right to modify the treatment of any Allowed Claims at any time after the Effective Date of the Plan upon the consent of the a Creditor whose Allowed Claim treatment is being modified, so long as other creditors are not materially or adversely affected.

7. Permanent Injunction.

The Debtor's Plan does include provisions imposing a permanent injunction against all creditors from pursuing any alleged claims affected by the Plan or against the Debtor and permanently prohibits further proceeding with any such claims against the Debtor. The Plan provided in pertinent part:

> *Except as otherwise provided under this Plan, all holders of claims or interests, or any person who may hold a claim or equity security interest, or alleged claim or any claim to any ownership interest are PERMANENTLY ENJOINED, from and after the Effective Date, (a) from commencing or continuing any action or other proceeding of any kind on any such Claim or Equity Security Interest against the Debtor, the Bankruptcy Estate, and the Reorganized Debtor, unless a previous Order modifying the stay provided under 11 U.S.C.§362 was entered by the Bankruptcy Court; (b) from the enforcement, attachment, collection, or recovery by any manner or means of any Judgment, award, decree, or Order previously entered against the Debtor in any Court; and (c) from creating, perfecting, or enforcing any lien, claim, or encumbrance of any kind against the property or interests in property of the Debtor or formerly owned by the Debtor which is conveyed or effectively transferred to the Reorganized Debtor pursuant to this Plan of Reorganization.*

F. Tax Consequences of Plan

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS.

The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers to possible tax issues this Plan may present to the Debtor. The Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action. The following are the tax consequences that the Plan will have on the Debtor's tax liability:

The tax consequences of the Plan to holder of a claim will depend, in part, on the constituency of claims, the type of consideration received in exchange for the claim, whether the holder is a resident of the United States for tax purposes, whether the holder reports income on an accrual or cash basis method, and whether the holder receives distribution under the Plan in one or more taxable years. Holders of claims are strongly advised to consult their tax advisers with respect to the tax treatment of their particular claims under the Plan. Holders of claims which do not constitute tax securities, should generally recognize gain or loss to the extent of the amount realized under the Plan with respect to which any distribution exceeds, or is exceeded by the respective tax basis of their claims. The amount realized for this purpose will generally equal the sum of cash or the fair market value of any consideration received under the Plan and in respect to their claim. The amount realized with respect to any debt obligation received by an accrual based taxpayer, however, should generally equal the obligations principal amount, as determined for tax purposes. Any gain or loss recognized on the exchange will be capital or ordinary, depending on the status of the claim in the holder's hands. The holder's aggregate tax basis for any consideration received under the Plan will generally equal the amount realized. The holding period for any consideration received under the Plan will generally begin on the day following the receipt of such consideration.

While the foregoing is intended only as a summary of certain federal income tax consequences of the Plan, and is not a substitute for tax planning with a tax professional. The above discussion is for informational purposes only and is not tax advice. Creditors should examine IRS Publication 908 for further information.

TAX CONSEQUENCES IN MANY CASES ARE UNCERTAIN AND MAY VARY DEPENDING ON THE HOLDERS INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS OF ANY CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR TAX ADVISERS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, OR ANY DISTRIBUTION YOU MAY RECEIVE UNDER THIS PLAN.

NO OPINION OF COUNSEL HAS BEEN SOUGHT OR OBTAINED WITH RESPECT TO ANY TAX CONSEQUENCES OF THE PLAN, AND NO TAX OPINION IS GIVEN OR AUTHORIZED BY THIS DISCLOSURE STATEMENT. NO RULING OR DETERMINATIONS OF THE INTERNAL REVENUE SERVICE OR OF ANY TAXING AUTHORITY HAS BEEN OBTAINED OR SOUGHT WITH RESPECT TO THE PLAN AND THE ABOVE DESCRIPTION IS NOT BINDING UPON THE IRS OR ANY OTHER TAXING AUTHORITY.

G. Risk Factors

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors. Based on the analysis of the risks summarized below, the Debtor believes that the Plan is viable and will meet all requirements of confirmation.

The Plan requires the Debtor to fund Plan payments through normal business operations and through additional borrowings. The Debtor will also use the monies contributed from the new capital infusion to assist in operating and plan payment expenses. The primary risk under such a scenario is that the Debtor will not be able to generate sufficient revenues to fund its normal operations and the plan payment obligations. The Debtor has spent the last several months

attempting to address and provide a means to satisfy the best return to legitimate creditors on their claims. Management has sought to reduce expenses to every extent possible. The down turn in the world economy has further complicated the Debtor's efforts. There has been a marked decrease in investment in new business opportunities over the last several months and revenues and growth are reflective of this result. The Debtor and its principals remain hopeful demand will increase following confirmation of the Plan and the Debtor's exit from Bankruptcy over the next several months to permit the Debtor to more freely market its franchise opportunities within the restricting stigma and uncertainty the Chapter 11 has caused.

IV. **Liquidation Analysis**

Another requirement for the confirmation of this Plan is that the Debtor meets the "Best Interest of Creditors Test," which requires a liquidation analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtor's assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of property on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority

share in proportion to the amount of their allowed claims. Finally, interest holders receive the balance that remains, if anything, after all creditors are paid.

In order for the Court to be able to confirm this Plan, the Court must find that all creditors and interest holders who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a chapter 7 liquidation. The Debtor maintains that this requirement is met under the Plan. Attached to this Disclosure Statement as an exhibit, is a proposed Liquidation Analysis. There are some important presumptions and factors which must be considered when evaluating the projected liquidation of the Debtor. First, the secured claim of M & T Bank is a collateralized obligation, meaning the Debtor's assets are subject to the lien pledged to M & T which secures the outstanding loan facility presently outstanding. As a result, if the Debtor's case is converted to Chapter 7 proceeding and the assets liquidated, the Bank would be paid first, for the full amount of its claim.

Additionally, normal accounting considerations must be evaluated. While as a going concern basis, the collectibility and realizable liquidity of the receivables and inventory are good, the opportunity to maximize these values would be diminished should the Debtor stop being an operating entity. The liquidation value of its limited inventory and equipment will be substantially affected and reduced. Discounts of the stated values are estimated on the liquidation analysis to accommodate these important considerations. Additionally, much of the Debtor's balance sheet assets is reflected in capitalized leasehold improvements. If the Debtor is liquidated, all of these assets are worthless. Consideration is also given to the additional layer of Chapter 7 administrative expense which will be incurred by the Bankruptcy estate in the event the hypothetical liquidation of the Debtor is required to occur. Additionally all Chapter 11 Administrative expenses would need to be paid in full before there would be any distribution to

unsecured creditors. As concluded in the liquidation analysis, if the Debtor's case was converted and its assets liquidated, it is unlikely that general unsecured creditors will receive any significant distribution on their claims. Clearly this result favors the confirmation of the Plan as proposed by the Debtor.

V. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means 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 under the Plan, unless such liquidation or reorganization is proposed in the Plan.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on such date. The second aspect considers whether the Proponent will have enough cash over the life of the Plan to make the required Plan payments. During the Confirmation hearing the Debtor will be required to establish each of these two points.

The Debtor firmly believes it will be capable of establishing each of these two points. The Plan proposes to pay all administrative claims in cash on the Plan effective date or as might be separately agreed to by the individual creditors. As referenced above, it is anticipated there will be a significant amount of monies owed to the Debtor's professionals for the services they have rendered during the bankruptcy proceeding, however the Reorganized Debtor believes it will be able to raise sufficient funds in the new capital infusion, or in subsequent borrowings along with operational revenues to meet this payment requirement. It may be necessary for the professionals to defer a portion of their overall allowed claims if the costs exceed certain projected amounts.

The Debtor and the professionals have expressed their consent in the event this needs to be accomplished.

As Debtor's financial projections demonstrate, the Debtor will have a cash flow, after paying operating expenses and remaining administration expenses, including the final payments for Quarterly Fees due to the Office of the United States Trustee, to pay the necessary expenses and fully fund the required Plan payment obligations. The Debtor will present financial projections which will confirm the feasibility of the Plan at confirmation. **A detailed feasibility analysis is attached to this Disclosure Statement confirming these projections.** The Debtor will likely update these figures as on the date set for the Confirmation Hearing to accurately reflect its ability to meet the Plan payment requirements.

VI. EFFECT OF CONFIRMATION OF PLAN

A. Discharge

The Plan provides that upon confirmation of the Plan, the Debtor shall be discharged of liability for payment of debts incurred by the Debtor in any capacity before confirmation of the Plan, to the extent specified in 11 U.S.C. §1141. The payments to be provided under the Plan will not be discharged. If Confirmation of the Plan does not occur or, if after Confirmation occurs the Reorganized Debtor elects to terminate the Plan, the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall be deemed to constitute a waiver or release of any claims against any Debtor or its estate or any other persons, or to prejudice in any manner the rights of the Debtor or its estate or any person in any further proceeding involving the Debtor or its estate. The provisions of the Plan, upon Confirmation, shall be binding upon the Debtor, all creditors and all

Equity Interest Holders, regardless of whether such claims or interest holders are impaired, filed a claim in the Bankruptcy, or whether such parties accepted the Plan.

B. Vesting of Property in the Reorganized Debtor

The confirmation of the Plan shall vest all of the property of the Debtor into the Reorganized Debtor. The claims of creditors of the Debtor whose claims are valid and allowed shall have those claims paid as set forth in the Plan.

C. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under Section 1112(b), after the Plan is confirmed, if there is a default in performance of the Plan or if cause exists under Section 1112(b). If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revest in the Chapter 7 estate, and the automatic stay will be re-imposed upon the re-vested property only to the extent that relief from stay was not previously granted by the Bankruptcy Court during the chapter 11 case.

D. Quarterly Fees due to the U.S. Trustee System

Quarterly fees pursuant to 28 U.S.C. § 1930(a)(6) continue to be payable to the Office of the United States Trustee post-confirmation until such time as the case is converted, dismissed, or closed pursuant to a final decree. It will be the Reorganized Debtor's intent to seek to close the case as soon as practicable following the confirmation and substantial consummation of the Plan. The Reorganized Debtor shall be responsible for the payment of all proper quarterly fees which shall be due pursuant to this statute following confirmation until the case is closed.

VII. Conclusion and Recommendation

The Debtor strongly recommends that all creditors receiving a ballot and entitled under the Plan to vote, vote in favor of the Plan. The Debtor believes the Plan maximizes recovery for each creditor and is made and presented in their best interest. The Plan as structured, among other things, allows creditors to receive distributions under the Plan in excess to what they would receive if the case were converted to a bankruptcy proceeding under Chapter 7, a Trustee appointed and the Debtor's assets liquidated. For these stated reasons, the Debtor believes that confirmation and consummation of the Plan is preferable to all other options and urges creditors who are entitled to vote, to vote in favor of the Plan.

Respectfully submitted:

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