

*IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA  
READING DIVISION*

In re: Silver Line Inc. :  
Debtor : Case No. 15-16818  
: :  
: Chapter 11  
: :  
: :

**DISCLOSURE STATEMENT REGARDING  
DEBTOR'S PROPOSED PLAN OF REORGANIZATION**

Debtor furnishes this disclosure statement to creditors in the above captioned matter pursuant to Title 11 of the United States Code to assist creditors in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan in accordance with 11 U.S.C. § 1129

***Address for the return of Ballots:***

Michael J. McCrystal, Esquire  
2355 Old Post Road  
Suite 4  
Coplay, PA 18037

***I. BACKGROUND AND INTRODUCTION***

The debtor is a Single Asset Realty venture. The debtor owns a parcel of Real Estate at Moorestown and Male Roads in the Borough of Wind Gap, County of Northampton Commonwealth of Pennsylvania which is comprised of 7.784 acres of land.

Historically, the debtors or its predecessors owned and operated this parcel as a trucking depot in the transport of clothing and garments throughout the northeast of the United States. During the 1990s, various economic realities slowly closed this operation and by the year 2000, it had entirely shut down.

The financial problems began shortly after the business stopped operating as a truck depot. Because it was not taking in revenue but still owing the land, significant real estate taxes become due. This resulted in County tax sale in which the winning bidder was Wind Gap Interstate 33 Land Trust. Debtor

sought to recover ownership of the realty from Wind Gap Interstate Land Trust. An agreement was reached in which title would be returned to debtor and debtor would make periodic payments to the Wind Gap 33 Land Trust. This agreement remained in force for a number of years.

The parcel of real estate has a significant value and importance in the development scheme of the Borough of Wind Gap as it sits at the intersection of Routes 512 and 33. It also is important to PENNDOT in its expansion of these routes. PENNDOT condemned a portion of the frontage of this parcel and deposited condemnation proceeds into the Court of Common Pleas for Northampton County, the sum of \$61,073.33 which in part is funding for this plan. To access these funds will require a Motion in the Court of Common Pleas and it is stated herein that motion is not yet filed. See attached Order Granting Petition To Deposit Estimated Just Compensation.

At some point, unhappy differences between the above two parties arose with Wind Gap alleging that debtors were in default and debtors alleging that Wind Gap had interfered and clouded debtor's title. State Court litigation resulted therefrom. At the same time, debtor again fell behind on the realty taxes. A new County tax sale was scheduled but was later stayed by the filing of the instant bankruptcy.

During the course of the instant bankruptcy, Wind Gap filed a relief from stay motion and litigation therefrom resulted in the driving funding of this plan which is a "Credit Swap" agreement to sell the subject realty to Wind Gap Interstate 33 Land Trust.

In broad terms, the Credit Swap will pay into the debtor the sum of Six Hundred Seventy Five Thousand Dollars (\$675,000.00), the sum of Six Hundred Thousand Dollars will be credited against the allowed proof of claim filed by creditor Wind Gap Interstate 33 Land Trust. Seventy five thousand dollars (\$75,000.00) will be paid in cash as partial funding of the plan. The remaining funding of the plan will be the recovery of monies now held by the Court of Common Pleas of Northampton County see above.

A bar date for the filing of claims has been set as April 15, 2017.

## **II. CLASSIFICATION OF CLAIMS**

The Plan is divided into five creditor classes:

1. Class I- Administrative Claims- The holders of Class I claims will be paid in full in cash on the earlier of the effective date of this plan or if the claim is subject to an objection the date that the claim becomes an allowed claim by an order of this Honorable Court.

2. Class II- Secured Tax Claims (County of Northampton Tax Claim Bureau)
  - A. Each holder of an allowed Secured Tax Claim shall receive as applicable:
    - i. If the allowed secured tax claim is due and payable on or before Effective Date, cash in an amount equal to such allowed secured tax claim or
    - ii. If the allowed secured tax claim is NOT due and payable on or before the Effective Date such claim will be paid in full in cash in accordance with the terms of any agreement between the debtors and the holder of such claim or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business, provided that to the extent that the allowed secured tax claim is secured by an interest in property of the Estate. The holder of such claim will retain such interest in such property until paid in full.

Class II is NOT impaired. Holders of allowed secured tax claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of allowed secured tax claims are not entitled to vote to accept or reject the plan.

3. Class III- Secured Debt Claims-Wind Gap Interstate 33 Land Trust

On the Effective Date, the secured debt claims shall be an allowed claim secured by the collateral that is defined in the credit documents. The claim shall not be subject to avoidance, objection, challenge, deduction, subordination, recharacterization, reclassification or offset in the amount of \$650,000.00 plus all amounts due under and subject to the terms of the Swap Liability Agreements

Acceptance of the plan by Class III creditors in the pre confirmation solicitation shall constitute an election under the plan pursuant to section 1111(b)(2) of the Bankruptcy Code to have the secured debt claims treated as a secured claim to the extent that such secured claim is allowed; provided that such election shall be deemed to be made solely with respect to the Plan and the rights of holders of the secured debt claim to make or not make such an election in the event that the Plan is not confirmed are expressed reserved and preserved.

In accordance with the Credit Swap Agreement/Realty Sales Agreement, each holder of an allowed secured claim shall receive pursuant to such holder's election with respect to all or any portion of the holder's secured claims and in full satisfaction and discharge of such holder's allowed secured claim:

Real Estate 7.784 acres at Moorestown Rd & Male Road Routes 512 and 33, Wind Gap, PA 18091 to be conveyed by debtor to claimant pursuant to Credit Swap/Realty Sales Agreement.

Class III is impaired and holders of Secured Debt Claims are entitled to vote to accept or reject the plan.

Class IV- General Unsecured Creditors will be paid pro rata under an all disposable commencing on the effective date of this plan. This class is impaired. Debtor does not anticipate a dividend in this class nor does debtor anticipate members in this class.

**III. ASSETS OF DEBTOR**

1. Cash on Deposit Court of Common Pleas for Northampton County, PA = \$61,073.33.
2. Real Estate 7.784 acres at Moorestown Road & Male Road, the intersection of Routes 512 and 33 in Wind Gap, PA 18091.= \$600,000.00

**IV. PAYMENT, TIMING AND DURATION**

Class I, II, III will be paid 100% of their allowed Proofs of Claim by means of a Credit Swap/Realty Sales Agreement. Class IV (general unsecured creditors) will receive a pro rata distribution.

**V. SUMMARY OF PLAN**

4. Class I- The holders of Class I claims will be paid in full in cash on the earlier of the effective date of this plan or if the claim is subject to an objection the date that the claim becomes an allowed claim by an order of this Honorable Court.
5. Class II- Secured Tax Claims (County of Northampton Tax Claim Bureau)
  - A. Each holder of an allowed Secured Tax Claim shall receive as applicable:
    - iii. If the allowed secured tax claim is due and payable on or before Effective Date, cash in an amount equal to such allowed secured tax claim or

- iv. If the allowed secured tax claim is NOT due and payable on or before the Effective Date such claim will be paid in full in cash in accordance with the terms of any agreement between the debtors and the holder of such claim or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business, provided that to the extent that the allowed secured tax claim is secured by an interest in property of the Estate. The holder of such claim will retain such interest in such property until paid in full.

Class II is NOT impaired. Holders of allowed secured tax claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of allowed secured tax claims are not entitled to vote to accept or reject the plan.

6. Class III- Secured Debt Claims-Wind Gap Interstate 33 Land Trust

On the Effective Date, the secured debt claims shall be an allowed claim secured by the collateral that is defined in the credit documents. The claim shall not be subject to avoidance, objection, challenge, deduction, subordination, recharacterization, reclassification or offset in the amount of \$675,000.00 plus all amounts due under and subject to the terms of the Swap Liability Agreements

Acceptance of the plan by Class III creditors in the pre confirmation solicitation shall constitute an election under the plan pursuant to section 1111(b)(2) of the Bankruptcy Code to have the secured debt claims treated as a secured claim to the extent that such secured claim is allowed; provided that such election shall be deemed to be made solely with respect to the Plan and the rights of holders of the secured debt claim to make or not make such an election in the event that the Plan is not confirmed are expressed reserved and preserved.

In accordance with the Credit Swap Agreement/Realty Sales Agreement, each holder of an allowed secured claim shall receive pursuant to such holder's election with respect to all or any portion of the holder's secured claims and in full satisfaction and discharge of such holder's allowed secured claim:

Real Estate 7.784 acres at Moorestown Rd & Male Road Routes 512 and 33, Wind Gap, PA 18091 to be conveyed by debtor to claimant pursuant to Credit Swap/Realty Sales Agreement.

Class III is impaired and holders of Secured Debt Claims are entitled to vote to accept or reject the plan.

Class IV- General Unsecured Creditors will be paid pro rata under an all disposable commencing on the effective date of this plan. This class is impaired. Debtor does not anticipate a dividend in this class nor does debtor anticipate members in this class.

**VI. COMPARSION OF PLAN WITH CHAPTER 7 LIQUIDATION**

If debtor's proposed plan is not confirmed, the potential alternatives would include proposal of a different plan, dismissal of the case or conversion to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's non exempted assets. In this event, all secured claims and priority claims including all expenses of administration, must be paid in full before any distribution is made to unsecured claimants.

TOTAL VALUE OF CHAPTER 7 ESTATE	\$ 662,000.00
LESS SECURED CLAIMS	\$ 677,000.00
ADD SECURED CLAIMS	\$
LESS ADMINISTRATIVE EXPENSES (Attorney and Accountant)	\$ 5,000.00
LESS OTHER PRIORITY CLAIMS	\$ 0.00
TOTAL AMOUNT AVAILABLE for UNSECURED CREDITORS	\$ 0.00
DIVIDED BY TOTAL ALLOWABLE UNSECURED CLAIMS	\$ 100,000.00
PERCENTAGE TO UNSECURED CREDITORS	0.00%

In Chapter 7 liquidation unsecured creditors will receive a pro rata dividend. It is believed that after the payment of allowed administrative and secured arrearage claims, a pro rata dividend will NOT be paid to general unsecured creditors.

**VII. CONSEQUENCES of APPROVAL and IMPLEMENTATION OF PLAN**

The Proposed plan will reorganize and liquidate the Estate of Silver Line, Inc. The revenues from Credit Swap agreement are adequate to fully fund the plan. After the past due taxes are paid, the Estate of Silver Line, Inc. will have liquidated and will go out of existence.

Respectfully submitted,

/s/ Michael J. McCrystal

---

Michael J. McCrystal, Esquire