

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF PENNSYLVANIA
PHILADELPHIA DIVISION**

In re: Marc A. Zaid Esq., P.C., : Case No. 16-18429
Debtor : Small Business Case under Chapter 11

**MARC A. ZAID ESQ., P.C.'S AMENDED DISCLOSURE STATEMENT
SUBMITTED PURSUANT TO 11 U.S.C. SECTION 1125**

October 4, 2017

NOTICE TO CREDITORS AND PARTIES IN INTEREST:

THIS DISCLOSURE STATEMENT IS BEING SUBMITTED TO ALL CREDITORS AND PARTIES IN INTEREST. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE CHAPTER 11 PLAN FILED BY THE ABOVE-CAPTIONED DEBTOR DATED AS OF THE DATE HEREOF, AS IT MAY BE FURTHER MODIFIED OR AMENDED FROM TIME TO TIME. ALL CREDITORS AND PARTIES IN INTEREST ARE URGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY.

BOTTIGLIERI LAW, LLC
Stephen V. Bottiglieri, Esquire
66 Euclid Street, Suite C
Woodbury, NJ 08096
p/f 888-793-0373
steve@bottiglierilaw.com

Marc A. Zaid Esq., P.C. submits as proponent, this Amended Disclosure Statement in connection with its 2nd Amended Chapter 11 Plan pursuant to Chapter 11 of the United States Bankruptcy Code. A copy of the 2nd Amended Plan was filed on October 4, 2017.

I. INTRODUCTION

This is the Disclosure Statement (the "Disclosure Statement") in the small business chapter 11 case of Marc A. Zaid Esq., P.C. (the "Debtor"). This Disclosure Statement contains information about the Debtor and describes the 2nd Amended Chapter 11 Plan of Reorganization (the "Plan") filed by the Debtor on October 4, 2017. A full copy of the Plan is attached to this Disclosure Statement as Exhibit "A". ***YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.***

The Debtor filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code on December 6, 2016 (the "Petition Date"), and has continued as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Code. On October 4, 2017, the Debtor filed the 2nd Amended Plan (also referred to as the "Plan") seeking to provide a basis for resolving allowed claims against the Debtor through use of its cashflow over the next 5 years.

The proposed distributions under the Plan are discussed in Section V. of this Amended Disclosure Statement (also referred to as the "Disclosure Statement"). General unsecured creditors are classified in Class 4 and will receive a prorate distribution equal to fourteen percent (14%) of their allowed claims, as set forth in the Plan, to be distributed after payment of the secured claims, as allowed, have concluded, by proportionate monthly or quarterly payment at Debtor's discretion.

II. PRELIMINARY STATEMENT AND SOLICITATION

As a creditor involved in the Debtor's bankruptcy case, you should take the time to vote on the proposed 2nd Amended Plan which, if confirmed, will affect your economic interests in the case. Before casting your Ballot, it is important that you are properly informed about the nature of the case and the workings of the proposed Plan and its consequences. The Amended Disclosure Statement has been approved by the Bankruptcy Court as containing adequate information to enable you to make an informed judgment about the 2nd Amended Plan. The Debtor urges you to review the Disclosure Statement and the Plan, consult with your own legal counsel or other advisors if you think it is appropriate and, for the reasons that follow, vote in favor of the Plan. The Plan will accomplish its objectives through the repayment of certain of Debtor's obligations through the Debtor's cash flow and future earnings. The Debtor believes that creditors will receive a higher overall return under the provisions of the Plan than other alternatives, particularly liquidation of all of the Debtor's assets.

III. PURPOSE OF THE DISCLOSURE STATEMENT AND PROVISION FOR VOTING AND CONFIRMATION

A. Purpose of This Document

The Debtor provides this Disclosure Statement, pursuant to the requirements of Section 1125 of the Code, in order to provide to the holders of all Claims against the Debtor adequate information about the Debtor and the Plan, so that they may make an informed judgment with respect to the merits of the Plan.

This document does not purport to contain a complete and final description of the Plan, the financial data pertaining to the Debtor's projections, the applicable provisions of the Bankruptcy Code or other matters that may be deemed significant by creditors or other interest holders when voting on this Plan. The information contained herein is an attempt to set forth, in reasonable detail, information that will enable creditors and interest holders to make an informed judgment about the provisions of this Plan.

The narrative portion of this document contains a series of headings and subheadings to ease the readers research for pertinent information. Various portions of this narrative may refer to other portions of this Plan. No one segment of this Plan should be read in isolation. Creditors and other interest holders are urged to read all of the materials set forth and may consult their professionals or other advisors before reaching a decision about the Plan.

NOTWITHSTANDING ANYTHING CONTAINED IN OR IMPLIED BY THIS PLAN, NO REPRESENTATION CONCERNING THE DEBTOR (INCLUDING THOSE RELATING TO FUTURE OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY, OR CREDITORS AND OTHER CLAIMS) INCONSISTENT WITH THAT WHICH IS CONTAINED HEREIN HAS BEEN AUTHORIZED. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO ACCEPT OR REJECT THIS PLAN OF REORGANIZATION THAT DIFFER IN ANY WAY OR DEGREE FROM THOSE SET FORTH IN THIS PLAN SHOULD NOT BE RELIED UPON IN FORMULATING A DECISION TO ACCEPT OR REJECT THIS PLAN.

The information contained in this Disclosure Statement was supplied by the Debtor. Base on the information made available, Debtor's counsel has no information to indicate that the information disclosed in this Disclosure Statement is inaccurate. While every effort has been made to provide accurate information, neither Debtor nor Debtor's counsel are able to state definitively that there is no inaccuracy in this Disclosure Statement or that future events may not render the information herein inaccurate. No known inaccuracies are included. Please note that much of the financial information consists of financial projections of Debtor's future operations which may be complicated and uncertain.

The Debtor attempted to provide only a general overview regarding the background of the business and its financial difficulties and not to provide a detailed account of all actions, circumstances, and events that contributed to Debtor's financial difficulties.

This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),

- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why Marc A. Zaid Esq., P.C. believes the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

Be sure to read the Plan as well as the Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed.

1. Persons Entitled to Vote on This Plan.

Only the votes of the classes of creditors, equity security holders, and other interest holders which are impaired by this Plan are counted in connection with the confirmation of this Plan. Generally, and subject to the specific provisions of the Bankruptcy Code Section 11224, this includes creditors, who, under this Plan, will receive less than payment in full on their claims.

In determining the acceptance of this Plan, a vote will only be counted if submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent and liquidated, or who has timely filed with the Court a Proof of Claim which has not been objected to or disallowed by the Court prior to computation of the votes on this Plan. A ballot form does not constitute a Proof of Claim.

2. Acceptances Necessary to Confirm This Plan.

At the scheduled confirmation hearing, the Bankruptcy Court must determine, among other things, whether this Plan has been accepted by each impaired class. Under Section 1126 of the Bankruptcy Code, an impaired class is deemed to have accepted this Plan if at least two-third in amount and more than one-half in number of the allowed claims of the class who have voted to accept or reject this Plan have voted for acceptance. Further, unless there is acceptance of this Plan by all members of an impaired class, the Bankruptcy Court must also then determine that under the Plan class members will receive property of the value, as of the Effective Date of the Plan, that is not less than that amount which such class members would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

3. Confirmation of The Plan Without Requisite Acceptances

This Plan may be confirmed even if it is not approved by one or all of the impaired classes, as outlined above, if the Bankruptcy Court finds that this Plan does not discriminate unfairly against and is fair and equitable to such class or classes. This provision is known as a "cram down" and is set forth in Section 1129(b) of the Bankruptcy Code and requires among other things that a dissenting class of impaired creditors must be provided for in full before any

junior class can receive or retain any property. This is also known as the “Absolute Priority Rule.” The Debtor may, at its option, choose to rely upon this provision to seek confirmation of their Plan in the event this Plan is not accepted by an impaired class or classes of creditors. In the event that the Debtor’s Plan is deemed to be in violation of the Absolute Priority Rule, the Debtor may choose to seek modification of this Plan, with permission of the Bankruptcy Court, which modification may allow the equity securities holders to satisfy the “New Value Exception” to the Absolute Priority Rule by the contribution of new value which must be (1) new, (2) substantial, (3) in money or money’s worth, (4) necessary for successful reorganization, and (5) reasonably equivalent to the value or interest received. This means that the Debtor may seek to modify its Plan of Reorganization to require the present equity owners of the Debtor to make new and substantial contributions in the form of money or money’s worth to the Debtor, which contribution may be deemed by the Court to satisfy the Absolute Priority Rule and allow the equity owners to retain their position in the reorganized Debtor.

4. *Objection to Confirmation.*

The Bankruptcy Court will schedule a hearing (the “Confirmation Hearing”) to consider confirmation of this Plan. Any creditor or holder of an interest or other party in interest who wishes to object to confirmation of this Plan must do so in writing and file same with the Clerk of the United States Bankruptcy Court, 900 Market Street, Fourth Floor, Philadelphia, PA 19107 on or before the date set forth in the Order approving the Disclosure Statement and serve the same upon

Stephen V. Bottiglieri, Esquire
Bottiglieri Law, LLC
66 Euclid Street, Suite C
Woodbury, NJ 08096

Failure to timely file and serve such answer, objection or other responsive pleading will bar such answer, objection or other responsive pleading from hearing at the Confirmation Hearing. A hearing to consider confirmation of the Plan will be held on the date and time set forth in the Order approving the Disclosure Statement before the Honorable Chief Judge Eric L. Frank.

5. *Deadline for Voting to Accept or Reject the Plan*

See Sections V. and VI. below for a discussion of voting eligibility requirements. If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot in the enclosed envelope to:

Bottiglieri Law, LLC
66 Euclid Street, Suite C
Woodbury, NJ 08096.

Your ballot must be received by November 3, 2017 or it will not be counted.

6. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact:

Stephen V. Bottiglieri, Esquire
Bottiglieri Law, LLC
66 Euclid Street, Suite C
Woodbury, NJ 08096
p/f 888-793-0373

C. Disclaimer

THE COURT HAS APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING ADEQUATE INFORMATION TO ENABLE PARTIES AFFECTED BY THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT ITS TERMS. THE COURT HAS NOT YET DETERMINED WHETHER THE PLAN MEETS THE LEGAL REQUIREMENTS FOR CONFIRMATION, AND THE FACT THAT THE COURT HAS APPROVED THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF THE PLAN BY THE COURT, OR A RECOMMENDATION THAT IT BE ACCEPTED. THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT IS SUBJECT TO FINAL APPROVAL AT THE HEARING ON CONFIRMATION OF THE PLAN. OBJECTIONS TO THE ADEQUACY OF THIS DISCLOSURE STATEMENT MAY BE FILED WITH THE COURT AS SET FORTH IN THE NOTICE OF MOTION TO APPROVE THE DISCLOSURE STATEMENT.

IV. BACKGROUND

A. Description and History of the Debtor's Business

The Debtor is a non-public corporation. Since 2003, the Debtor has been in the business of providing legal services primarily in business and real estate matters, legal services and representation of clients in various subject matters. Most of Debtor's business involves the representation of clients in business and real estate matters. Debtor devotes a portion of its practice to collection matters. Debtor receives compensation from flat fee, hourly and contingency fee agreements.

The Debtor operated its business for approximately 13 years prior to filing for relief under Chapter 11 of the United States Bankruptcy Code. The Debtor's profit varied from year to year but was reasonably stable for the two years prior to filing the bankruptcy petition in December 2016.

A significant reason for the filing of Debtor's Chapter 11 Bankruptcy was the legal malpractice judgment lodged against Debtor and Debtor's sole shareholder causing Debtor to be unable to continue operations while the judgment was executed upon.

B. Insiders of the Debtor

Insider Name: Marc A. Zaid	Relationship to the Debtor: shareholder
Compensation paid by the Debtor or its affiliates to this insider during the two years prior to the commencement of the Debtor's bankruptcy case: \$72,000.00 as shareholder draw plus benefits	
Compensation paid during the pendency of this Chapter 11 case: \$33,000.00 as shareholder draw plus benefits.	

C. Management of the Debtor Before and During the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, the officers, directors, managers or other persons in control of the Debtor (collectively the "Managers") were:

Marc A. Zaid, Esquire

The Managers of the Debtor during the Debtor's chapter 11 case have been:

Marc A. Zaid, Esquire

After the effective date of the order confirming the Plan, the directors, officers, and shareholders of the Debtor or successor of the Debtor under the Plan (collectively the "Post Confirmation Managers"), will be:

Marc A. Zaid, Esquire

The responsibilities and compensation of these Post Confirmation Managers are described herein.

D. Events Leading to Chapter 11 Filing

Debtor was sued by a creditor for legal malpractice resulting in a judgment against Debtor. Debtor's malpractice insurance was insufficient to cover the loss and the cost of defending the claim. As a result of the claim, judgment and significant balance due on the cost of defending the complaint, Debtor had insufficient funds to pay its creditors. Debtor was unable to reach a settlement with its creditor and sought bankruptcy protection in an effort to resolve its debts and continue its operations. Without seeking bankruptcy protection, it is likely the business would close.

DEBTOR'S SOLE SHAREHOLDER AND SOLE EMPLOYEE, MARC A. ZAID, FILED A PERSONAL CHAPTER 7 BANKRUPTCY CASE ON OCTOBER 6, 2016 AT PETITION #16-17095-elf. THE CHAPTER 7 CASE IS STILL ACTIVE AS OF OCTOBER 4, 2017. THE DEADLINE TO OBJECT TO A DISCHARGE IN DEBTOR'S CHAPTER 7 CASE IS OCTOBER 30, 2017. IT IS

ANTICIPATED THAT IF DEBTOR'S SOLE SHAREHOLDER RECEIVES A DISCHARGE IN HIS PERSONAL CHAPTER 7 THAT THE SHAREHOLDER WILL BE ABLE TO DEVOTE MORE TIME AND ATTENTION TO THE DEBTOR AND RETURN THE BUSINESS TO A LEVEL OF PROFITABILITY SUFFICIENT TO SUCCESSFULLY COMPLETE THE CHAPTER 11 PLAN.

MARC A. ZAID'S CHAPTER 7 CASE WAS FILED AS A "NO ASSET" CHAPTER 7. THE CASE WAS LATER CONVERTED TO AN "ASSET" CHAPTER 7.

E. Significant Events During the Bankruptcy Case

Debtor has stabilized its business operations and has continued to represent its clients in all matters allowing Debtor to formulate a plan of reorganization. Since the Chapter 11 Petition was filed, Debtor's employee has devoted substantial time and resources to the Chapter 11 case thereby negatively impacting Debtor's profitability. Debtor has filed its monthly operating reports that reflect Debtor's financial status.

One creditor, James and Thomas DiSante ("DiSante"), requested a Rule 2004 Examination of the Debtor, the Debtor's shareholder and others. All Rule 2004 Examinations have been completed.

Debtor's initial Chapter 11 Plan proposed a return of seven percent (7%) to the allowed unsecured claims. DiSante stated in its objection to Debtor's Plan and Disclosure Statement that it "will never be accepted by Class 4 (unsecured creditors), as the Objectors' claim is greater than ½ of the total amount of claims in this class".

Debtor filed an Amended Plan with the Court on September 5, 2017 which increased the return to the allowed unsecured claims to fourteen percent (14%). The increase of the return to allowed unsecured creditors (a doubling of the return) was a result in the calculation of Debtor's profitability, a capital contribution and a proposed reduction in payment to Debtor's shareholder to fund the increased payment to the allowed unsecured creditors.

While an attempt to resolve the objection was made and settlement discussions were carried out, the amount requested of Debtor by DiSante was insurmountable. Taken together, the DiSante demands and statements against a plan of reorganization, Debtor has proposed a 2nd Amended Chapter 11 Plan to clarify the amount to be paid and the actions of Debtor's sole shareholder.

F. Projected Recovery of Avoidable Transfers

The Debtor does not intend to pursue preference or fraudulent conveyance actions.

G. Claims Objections

Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article 14 of the Plan.

H. Current and Historical Financial Conditions

The Debtor’s Schedules A through J list the Debtor’s assets and liabilities as of the Petition date and are on file with the Clerk of the United States Bankruptcy Court, 900 Market Street, Fourth Floor, Philadelphia, Pennsylvania 19107. Copies are also available from Stephen V. Bottiglieri, Bottiglieri Law, LLC, 66 Euclid Street, Suite C, Woodbury, NJ 08096. The information set forth in the schedules were based upon Debtor’s records and the information provided by Marc A. Zaid, Esquire.

The most recent post-petition operating report filed since the commencement of the Debtor’s bankruptcy case are set forth in Exhibit “B”. The operating report is for the month of August 2017.

V. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Plan of Reorganization?

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. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan. The purpose of the Plan is to pay a pro rata portion of the allowed unsecured claims over the length of the plan.

B. Classification of Claims

Class 1. Administrative Claims and Expenses – Unimpaired.

Administrative expenses are costs or expenses of administering the Debtor’s chapter 11 case which are allowed under § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the date of the bankruptcy petition. The Code requires all administrative expenses be paid on the effective date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor’s estimated administrative expenses, and their proposed treatment under the Plan:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
TOTAL	\$10,000.00	pay in full

Class 2. Priority Tax Claims – Unimpaired.

Priority tax claims are unsecured income, employment, and other taxes described by § 507(a) of the Code. Unless the holder of such a § 507(a) 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.

No Claim setting forth a §507(a)(8) priority tax claim was filed with the Court.

Class 3. Classes of Secured Claims.

The following are the secured claim classes set forth in the Plan, and the proposed treatment that they will receive under the Plan: 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. If the value of the collateral or setoffs securing the creditor's claim is less than the amount of the creditor's allowed claim, the deficiency will be classified as a general unsecured claim.

Class 3A – Secured Claims – Unimpaired. The secured claim of the Pennsylvania Department of Revenue in the sum of \$1,001.19 is a secured tax obligation. The payment of this claim shall be in full settlement, satisfaction, release and discharge of this claim and lien.

Class 3B – Secured Claims – Impaired. The secured claims of Hillock Investments, LP were filed as Claims 5 and 6. Claim 5 is listed as a secured claim in the amount of \$164,013.68. Amended Claim 6 is listed as a secured claim in the amount of \$400,189.90. The secured claims of Hillock Investments, LP are impaired and will receive the treatment set forth below. The payment of this claim shall be in full settlement, satisfaction, release and discharge of this claim and lien.

The following chart lists all classes containing Debtor's secured prepetition claims and their proposed treatment under the Plan:

<u>Class #</u>	<u>Description</u>	<u>Insider? (Yes or No)</u>	<u>Impairment</u>	<u>Treatment</u>
3A	Secured claims of: Pennsylvania Department of Revenue (Claim No. 7) Collateral Description = lien Allowed Secured Amount = \$1,001.19	No	Unimpaired	Debtor shall pay the Pennsylvania Department of Revenue Claim in full on November 1, 2017 in the amount of \$1,001.19. The payment of this claim shall be in full settlement, satisfaction, release and discharge of this claim and lien

	Principal owed = \$1,001.19			
	Pre-pet. arrearage = \$1,001.19			
	Total claim = \$1,001.19			

3B	<i>Secured claims of:</i> Hillock Investments, LP (Claim Nos. 5 and 6) Collateral Description = stock and assets of business Allowed Secured Amount = \$36,351.00 Principal owed = \$564,203.58 Pre-pet. arrearage = n/a Total claim = \$564,203.58	No	Impaired	Debtor will make monthly payments of \$3,000.00 starting November 1, 2017 and concluding October 1, 2018. Hillock Investments, LP claims are bifurcated into secured (\$36,351.00) and unsecured (\$527,852.58) due to the value of Debtor's assets set forth in the Schedules. Debtor will pay the full value of its assets to Hillock Investments, LP as full resolution of the secured portion of Claim 5 and 6. The payment of this claim shall be in full settlement, satisfaction, release and discharge of this claim and lien upon discharge.
----	---	----	----------	---

Class 4. Classes of General Unsecured Claims - Impaired

General unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code. Class 4 Claims are impaired.

The Debtor will treat the balance of the Hillock Investments, LP secured claims No. 5 and No. 6 as general unsecured claims in the amount of \$527,852.58. The Debtor will treat Claim No. 1 filed by Thomas DiSante and Claim No. 2 filed by James DiSante as duplicate claims.

The treatment and consideration to be received by holders of Class 4 allowed claims shall be in full settlement, satisfaction, release and discharge of their respective claims and liens. Each Class 4 allowed claim shall receive fourteen percent (14%) of their respective allowed claim to be paid in deferred cash payments starting November 1, 2018 and concluding October 1, 2022 in monthly or quarterly payments at the Debtor's discretion. Class 4 payments shall start after the payment of the secured claims have been completed.

Each holder of an Allowed Class 4 claim shall be paid, pro rata, once the payments to Class 4 begin. Class 4 claims shall be paid out of (a) Debtor's future earnings and (b) the net proceeds of any recoveries by the Debtor on account of any Causes of Action, after payment of all Claims in Classes 1 through 3. No interest shall be paid on Class 4 Claims.

The net proceeds of any recovery by Debtor on account of any Causes of Action shall be paid to Allowed Class 4 Claims in addition to the payment of the aggregate of \$146,412.00 to the Class 4 claimants.

Class5 Equity Interest Holders

Equity interest holders are parties who hold an ownership interest (i.e., equity interest) in the Debtor. In a corporation, entities holding preferred or common stock are equity interest holders. In a partnership, equity interest holders include both general and limited partners. In a limited liability company ("LLC"), the equity interest holders are the members. Finally, with respect to an individual who is a debtor, the Debtor is the equity interest holder. The holders of Class 5 equity interests shall retain their interests and are not entitled to vote.

C. Allowance and Disallowance of Claims.

1. **Disputed Claims.** A disputed claim is a claim that has not been allowed or disallowed and as to which either (i) a proof of claim has been filed or deemed filed, and the Debtor or other party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

2. **Delay of Distribution on a Disputed Claim.** No distribution will be made on account of a disputed claim unless such claim is allowed.

3. **Objections to Claims.** Notwithstanding the occurrence of the Confirmation Date or the Effective Date of the Plan, the Debtor may object to the allowance of any claim not previously allowed by final order whether or not a Proof of Claim has been filed and whether or not the claim has been scheduled as non-disputed, non-contingent and liquidated.

4. **Settlement of Disputed Claims.** The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Section 9019 of the Federal Rules of Bankruptcy Procedure.

D. Means of Implementing the Plan

1. **Source of Payments.** Payments and distributions under the Plan will be funded by Debtor's continued operation as a law firm. The funds shall be generated from the revenues of the reorganized Debtor. Upon confirmation, Debtor shall be reinvested with its assets, subject

only to the outstanding liens which were not avoided by the Debtor under the provisions of Title 11 of the Code and shall be entitled to manage its affairs without further order of this Court.

The Debtor shall commence payments under this Plan on the Effective Date of this Plan, which shall be Ten (10) days after confirmation of this Plan.

2. *Post-confirmation Management.* The Post-Confirmation Managers of the Debtor, and their compensation, shall be as follows:

Name	Affiliations	Insider (yes or no)?	Position	Compensation
Marc A. Zaid	President/Shareholder	Yes	Shareholder	\$3,000/month draw plus benefits

E. **Risk Factors.** The proposed Plan has the following risks:

Debtor's ability to bring in new clients, continuing to operate as a law firm, success of several contingency fee cases and Debtor's sole employee's ability to retain current business activities and clients.

If Marc A. Zaid, Esquire is unable to successfully obtain a discharge of his personal debts in his individual Chapter 7 case, it may be impossible or unfeasible for the Debtor to continue with a Chapter 11 Plan of Reorganization as Debtor's sole employee and sole source of income may not be capable of continuing to operate Debtor or fund the Chapter 11 Plan.

Debtor's liabilities exceed Debtor's potential profit over the length of the Chapter 11 Plan. Should Debtor be unable to continue operations, there are no assets to administer in a Chapter 7 case. If Debtor's Chapter 11 case is converted to a Chapter 7, the Debtor's minimal assets are encumbered by a secured creditor and the taxes due the Pennsylvania Department of Revenue.

F. **Executory Contracts and Unexpired Leases**

The Plan lists all executory contracts and unexpired leases that the Debtor will assume under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any. The Plan also states how the Debtor will cure and compensate the other party to such contract or lease for any such defaults.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not specifically listed in the Plan will be rejected under the Plan. Consult your advisor or attorney for more specific information

about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

G. Tax Consequences of Plan

Creditors and Equity Interest Holders Concerned with How the Plan May Affect Their Tax Liability Should Consult with Their Own Accountants, Attorneys, And/Or Advisors.

The following are the anticipated tax consequences of the Plan: Distributions under the terms of a confirmed plan may include the repayment of business debt and liabilities thereby reducing the taxable income of Debtor. Creditors may or may not be able to receive a tax benefit in the event all or some of the debt is discharged. Some or all of the distributions received pursuant to a confirmed Chapter 11 Plan may be deemed ordinary income and must be reported as such to the appropriate taxing authorities.

VI. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

A. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

In this case, the Plan Proponent believes that classes THREE (3) and FOUR (4) are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that classes ONE (1), TWO (2) and FIVE (5) are unimpaired and that holders of claims in each of these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *What Is an Allowed Claim or an Allowed Equity Interest?*

Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

The deadline for filing a proof of claim in this case was 3/3/2017.

The deadline for filing objections to claims is sixty (60) days after effective date of the Chapter 11 Plan.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is *impaired* under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

3. *Who is Not Entitled to Vote.* The holders of the following claims and equity interests are *not* entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes;
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interest in classes that do not receive or retain any value under the Plan;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *Who Can Vote in More Than One Class*

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

B. Votes Necessary to Confirm the Plan

If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed later in Section [B.2].

1. *Votes Necessary for a Class to Accept the Plan*

A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.

A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

2. *Treatment of Nonaccepting Classes*

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan.

You should consult your own attorney if a "cramdown" confirmation will affect your claim or equity interest, as the variations on this general rule are numerous and complex.

C. Liquidation Analysis

To confirm the Plan, the 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 claim and equity interest holders would receive in a chapter 7 liquidation. A liquidation analysis is attached to this Disclosure Statement as Exhibit "C".

D. Feasibility

The 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.

1. *Ability to Initially Fund Plan*

The Plan Proponent believes that 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 that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as set forth in the most recent operating report. See Exhibit “B”.

2. *Ability to Make Future Plan Payments and Operate Without Further Reorganization.*

The Plan Proponent must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Plan Proponent has provided projected financial information. Those projections are listed in Exhibit “D”. The Plan Proponent's financial projections show that the Debtor will have an aggregate annual cash flow, after paying operating expenses and post-confirmation taxes, of \$26,000.00. The final Plan payment is expected to be paid on 10/1/2022.

Debtor's projected annual cash flow is premised upon Debtor's sole employee maintaining his current client base and continuing to operate the firm. Debtor's income projection is based upon past business performance with a moderate increase in business profits as compared to the last two years.

Debtor's sole employee will reduce the operating expenses of Debtor by assisting in the third-party recovery cases thereby eliminating expenses. Debtor's employee will also seek cost savings by reducing the operating expenses of Debtor.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

VII. EFFECT OF CONFIRMATION OF PLAN

A. DISCHARGE OF DEBTOR

Discharge. On the effective date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the 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 shall not be discharged of any debt (i) imposed by the 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). After the effective date of the Plan your claims against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence.

B. Modification of Plan

The Plan Proponent may modify the Plan at any time before confirmation of the Plan. However, the 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 Court authorizes the proposed modifications after notice and a hearing.

C. 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 Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

VIII. JURISDICTION OF THE COURT

The Court shall retain jurisdiction until this Plan has been fully consummated, including, but not limited to, the following purposes:

- A. The Classification of the claim of any creditor or reexamination of any claims.
- B. The determination of all questions and disputes regarding title of the estate, and determination of all causes of actions, controversies, disputes, or conflicts, whether or not subject to an action pending as of the date of the confirmation, between the Debtor and any other party, including, but not limited to, any right of the Debtor to recover assets pursuant to Title 11 of the United States Bankruptcy Code.
- C. The correction of any defect, the curing of all omissions or reconciliations of any inconsistencies in the Plan as may be necessary to carry out the purposes and effects of the Plan.
- D. The modification of the Plan after confirmation.
- E. To enforce and interpret the terms and conditions of the Plan.
- F. The entry of any Orders, including injunctions, necessary to enforce title, rights, and powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of title, rights and powers as may be deemed necessary.
- G. To Determine applications for allowance of compensation and expense reimbursement of Professionals for periods before the Effective Date, as provided for in the Plan.
- H. To determine such other matters, and for such other purposes, as may be provided in the Confirmation Order or as may be authorized under provisions of the Bankruptcy Code or as may be requested by the Post-Confirmation Debtor or the United States Trustee.
- I. To issue such orders in aid of consummation of the Plan and the Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Entity so as to carry its intent and purposes.
- J. Enter an Order concluding and terminating this case.

IX. **EXCULPATION** The Debtor and any of its employees or agents do not have and will not have or incur any liability to any holder of a claim for any act or omission in connection with or arising out of, the pursuit of confirmation of this Plan, the consummation of this Plan or the administration of the Plan or the property to be distributed under this Plan except for willful misconduct or gross negligence and in all respects, will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

X. **CAUSES OF ACTION**

Debtor's Power to Initiate Litigation. Debtor reserves the right to initiate or continue litigation or adversary proceedings permitted under the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure with respect to any cause of action, except as provided to the contrary herein.

Preferential Transfers. Pursuant to Section 547 of the Bankruptcy Code, a Debtor may recover certain preferential transfers of property, including cash, made while insolvent during ninety (90) days immediately prior to the filing of the bankruptcy petition with respect to pre-existing debts to the extent the transferee received more than it would have in respect of the pre-existing debt had the transferee not received the payment and had the Debtor been liquidated under Chapter 7 of the Bankruptcy Code. Transfers made in the ordinary course of the Debtor's and the transferee's business according to ordinary business terms are not recoverable ("Ordinary Course Defense"). Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension may constitute a defense, to the extent of any new value, against any otherwise recoverable transfer of property ("New Value Defense"). If a preferential transfer were recovered by the Debtor, the transferee would have a general unsecured claim against the Debtor to the extent of the Debtor's recovery. The Debtor has undertaken an extensive analysis of possible preferential transfers under Section 547 of the Bankruptcy Code and has concluded that virtually all payments made within the preference period (the 90 days prior to the filing of the Chapter 11 petition) are not recoverable as the same are subject to the Ordinary Course Defense and/or the New Value Defense. As such, and in consideration of the treatment in this Plan, the Debtor waives its right to make demand for or otherwise commence any causes of action against creditors to recover preferential transfers under Section 547 of the Bankruptcy Code.

Debtors Power To Settle. The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any cause of action from time to time, in its discretion.

XI. **OTHER PLAN PROVISIONS**

GENERAL PROVISIONS

1. Definitions and Rules of Construction. The definitions and rules of construction set forth in Sections 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

2. **Effective Date of Plan.** The effective date of this Plan is the tenth business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.
3. **Severability.** If any provision in this 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.
4. **Binding Effect.** 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 and assigns of such entities.
5. **Captions.** The headings contained in this Plan are convenience of reference only and do not affect the meaning or interpretation of the Plan.
6. **Controlling Effect.** Unless the rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the Commonwealth of Pennsylvania govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.
7. **Corporate Governance.** Pursuant to Section 1123(a)(6) of the Code, the Debtor shall incorporate in its corporate charter a provision prohibiting the issuance of nonvoting equity securities. While there is currently only one class of equity securities, the Debtor's Plan shall provide, in the event that there are or subsequently declared classes of equity securities, the appropriate distribution of voting among the classes of equity securities, consistent with the interests of creditors, equity security holders and public policy.
8. **Related Bankruptcies.** The individual Chapter 7 case of Marc A. Zaid is a related bankruptcy action. Marc A. Zaid filed his individual Chapter 7 case on October 6, 2016 at Petition #16-17095-elf. As of October 4, 2017, Mr. Zaid's personal Chapter 7 case is still pending.
9. The payments, distributions and other treatments provided in respect to each allowed claim and allowed interest in this Plan shall be in full settlement, satisfaction, release and discharge of such allowed claim and allowed interest.
10. Notwithstanding any of the provisions of this Plan specifying a date or time for the payment or distribution of consideration hereunder, payments and distributions in respect to any claim or interest which at such date or time are disputed shall not be made until such claim or interest becomes an allowed claim or interest, whereupon such payment and distribution shall be made promptly pursuant to and in accordance with this Plan.
11. Distributions and deliveries to holders of allowed claim will be made at the addresses set forth on the proofs of claim filed by the holders, or the Debtor's schedules, or at the last known address. If any holder's distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Debtor is notified of the holder's then current address, at which time all missed distributions will be made to the holder without interest. All claims for

undeliverable distributions must be made to the Debtor within one year after the Effective Date of the Plan. After that date, all unclaimed property will be property of the estate of the Debtor and the Claim of any such holder with respect to such property will be discharged and forever barred.

12. Cash payments made pursuant to this Plan will be in United States funds, by check drawn on a domestic bank or by wire transfer from a domestic bank.

13. Checks issued by the Debtor in respect to allowed claims will be null and void if not cashed within 90 days of their issuance. Requests for reissuance of any check shall be in writing to the Debtor by the holder of the allowed claim with respect to which the check originally was issued. Any claim in respect of such voided check must be made on or before the later of the first anniversary of the Effective Date of this Plan or 90 days after the date of issuance of the check. After that date, all claims in respect of void checks will be discharged and forever barred.

14. If any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then making of such payment or the performance of such act may be completed on the next succeeding Business Day, but it will be deemed to have been completed as of the required date.

15. Any notice described in or required by the terms of this Plan or the Bankruptcy Code shall be deemed to have been properly given when sent via Electronic Case Filing (ECF) and actually received or, if mailed, five (5) days after the date of mailing as such may have been sent by certified mail, return receipt requested, and sent to and received by:

(a) The Debtor, addressed to:
Marc A. Zaid Esq., P.C.
Attn: Marc A. Zaid, Esquire
2200 Renaissance Blvd
Ste 270
King of Prussia, PA 19406

(b) With copies to Debtor's counsel:
Stephen V. Bottiglieri, Esquire
Bottiglieri Law, LLC
66 Euclid Street, Suite C
Woodbury, NJ 08096

16. After the Effective Date of this Plan, the post confirmation Debtor shall be entitled to operate its property without any restrictions of the Bankruptcy Code and without any supervision of the Bankruptcy Court.

17. No default shall be declared under this Plan unless any payment due under this Plan shall not have been made within thirty (30) days after written notice to the Debtor and the Debtor's counsel for the Debtor's failure to make payment when due under this Plan.

Respectfully submitted:

Marc A. Zaid Esq., P.C.

By: Marc A. Zaid
Marc Z. Zaid, President

Bottiglieri Law, LLC

By: Stephen V. Bottiglieri
Stephen V. Bottiglieri, Esquire
Counsel to the Debtor