

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

In re:	:	Case No. 4:15-bk-03937-JJT
	:	
Vaughn Environmental Services, Inc.,	:	
Debtor	:	Chapter 11

Vaughn Environmental Services, Inc.,	:	
	:	
Movant	:	Doc. No. _____
	:	
v.	:	Hearing Date & Time:
	:	
No Respondents	:	

**DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF REORGANIZATION OF THE
DEBTOR-IN-POSSESSION DATED JULY 11, 2016**

COMES NOW the Debtor-In-Possession, Vaughn Environmental Services, Inc. (hereinafter the “Debtor”), by and through its undersigned counsel, and does file the within Disclosure Statement in Support of the Plan of Reorganization of the Debtor-In-Possession Dated July 11, 2016, upon a cause whereof, the following is a statement, to wit:

I. INTRODUCTION

The above-captioned case was commenced by the filing of a voluntary petition for relief pursuant to the provisions of Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101 *et seq.*, on September 15, 2015. Upon the filing of the case, the Debtor became a Debtor-In-Possession, having all of the rights, powers, duties and obligations of such an entity pursuant to 11 U.S.C. § 1107.

As a Debtor-In-Possession, the Debtor has remained in control of its assets, subject to court approval for transactions deemed out of the ordinary course of their business and affairs, as well as the oversight provided by the Office of United States trustee. An Official Committee of Unsecured Creditors has not been formed in this case.

The goal of this bankruptcy filing was to develop, formulate and, ultimately propose a Plan of Reorganization capable of being confirmed under 11 U.S.C. § 1129.

The Debtor is proposing a Plan of Reorganization dated July 11, 2016 (the “Plan”). This Disclosure Statement is being filed in conjunction with the Plan pursuant to 11 U.S.C. § 1125. **The purpose of this Disclosure Statement is to provide creditors with sufficient detail and information which would allow hypothetical creditor or investor, typical of the holders of claims and interests in this case, to make an educated, informed decision as to whether to vote for or against the plan. If you have questions about the contents or meaning of the Plan and/or this Disclosure Statement, you are encouraged to seek the guidance of an attorney.**

II. VOTING

Only the holders of allowed claims or interests are entitled to vote on the Plan pursuant to 11 U.S.C. § 1126(a). Under this plan, all claims or interests are considered temporarily allowed for voting purposes (without prejudice to the Debtor's right to subsequently object thereto) UNLESS a claim objection has been filed by the Debtor or other party in interest and the same remains pending. Holders of allow claims or interests may vote to accept or reject the plan, but are not required to do so. **ONLY THOSE VOTES WHICH ARE ACTUALLY CAST WILL BE CONSIDERED IN DETERMINING WHETHER THE PLAN IS ACCEPTED OR REJECTED.**

A class of claim-holders or interest-holders is considered to have accepted the plan if, in good faith, two-thirds (2/3) in amount and more than one-half (1/2) the number of the voting members of the class vote to accept the Plan. The Plan shall be confirmed if each impaired class class to accept the Plan.

In the event that an "impaired" class does not vote to accept the Plan, the Court may nevertheless confirm the Plan if the Court finds that the Plan meets the "cramdown" requirements of 11 U. S. C. § 1129 (except for voting requirements).

III. PRE-PETITION HISTORY

The Debtor operates a residential and commercial garbage hauling service engaging in curbside residential refuse pickup, commercial refuse pickup as well as dumpster and roll off container rentals and pickup. The Debtor's customer base is made up primarily of individual consumers who are required by the various municipalities served by the Debtor to contract directly with the Debtor for their trash hauling needs. The Debtor operates in the Philipsburg, Pennsylvania and surrounding area/communities.

The Debtor operates a fleet of eight (8) garbage and roll off container trucks. The Debtor went through a period of time where several of the garbage trucks were out of service for repairs which had a detrimental effect on its business. While the Debtor was able to continue servicing its customers, the Debtor was unable to maintain payments on its secured debts as a result of the trucks being out of service and the loss of income from the use of these vehicles. This coupled with the costs to repair the vehicles, the Debtor was at risk of losing the garbage trucks to the secured lenders through the state court process.

Out of options related to the garbage and roll off trucks and the debt and repair obligations related to the same and, with a cash crunch looming, the Debtor's management consulted with the undersigned firm regarding a possible bankruptcy filing. After considering its alternatives, the Debtor concluded that it would be in its best interests, and in the best interests of its creditors as a whole, to seek Chapter 11 protection. Accordingly, the Debtor reluctantly commenced the above-captioned case on September 15, 2015.

IV. POST-PETITION HISTORY

Debtor's management took this opportunity to evaluate its capacity, its needs and the needs of its core customer. Management determined that it was in the Debtor's best interest to retain all vehicles owned by the Debtor and to make the repairs necessary to bring these vehicles "on-line" and fully functional and operate at the capacity with which the vehicles were purchased for. Management also took this time to evaluate its ability to increase its customer base and has done so by providing exceptional service and through direct talks with competitors

about taking over a portion or all of the competitor's business. This actual or projected increase in both residential and commercial business improves the Debtor's outlook in this reorganization.

Upon the commencement of the case, the Debtor immediately took action to implement its bankruptcy strategy. The Debtor sought and obtained the permission of the Bankruptcy Court to retain the law firm of Spence, Custer, Saylor, Wolfe & Rose, L. L. C., as its bankruptcy counsel. The Debtor, through counsel, has been in discussion with its secured lenders with the goal of coming to consensual terms related to their respective treatment during the pendency of the bankruptcy case and with a goal of coming to a consensual resolution as to their treatment under the Plan.

The Meeting of Creditors pursuant to 11 U. S. C. § 341 was held on October 19, 2015. Additionally, the Court set the following key deadlines in this Chapter 11 case:

Description	Due Date
Claims Bar Date - non-governmental entities	4/29/2016
Claims Bar Date - governmental entities	4/29/2016

During the pendency of the Chapter 11 case, the Debtor continued to operate, service its customers, and attempted to increase its customer base to generate increased revenue. The Debtor has filed all of its required Monthly Operating Reports and remains current on its U.S. Trustee Quarterly Fees.

Mack Financial Services, a division of VFS US LLC, filed its Motion for Relief From the Automatic Stay due to lack of adequate protection payments from the Debtor. The Debtor and Mack Financial Services were able to come to a consensual resolution of the Motion for Relief which resulted in the Debtor commencing to make adequate protection payments satisfactory to the creditor. The Debtor and its other secured creditor, Hitachi Capital, were able to come to a consensual agreement as to the payment of adequate protection payments during the case. The adequate protections payments made by the Debtor to the respective secured creditor reduces what it will ultimately be required to repay to its secured lenders.

The Debtor, through management, has undertaken efforts to increase its customer base including engaging in preliminary discussion with competitors about "buying" their customer list/service routes.

In connection with the formation of the Plan and Disclosure Statement, the Debtor has undertaken the claims review process in order to ascertain which, if any, claims it feels are objectionable. At this time, the Debtor may file objections to the following asserted claims.

Creditor	Type Asserted	Asserted Amount of Claim

United States of America, Internal Revenue Service	Administrative	\$1,136.00
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IV. SUMMARY OF ASSETS AND LIABILITIES AS OF COMMENCEMENT OF CASE

A. Assets

The Debtor's assets, as of the commencement of the case, or itemized on the schedules filed and of record in this bankruptcy case. A summary of the assets is as follows:

Description	Value	Basis for Valuation (if other than Debtor's estimate)	Net Value after deduction for liens
Checking Account with CNB Bank	\$3,010.50	Bank Statement	\$3,010.50
Estimated Accounts Reveivable	\$3,545.42	Debtor's records	\$3,545.42
Customer List	\$1,000.00		\$1,000.00
2015 Hino Packer Truck	\$98,000		\$0.00
2014 Mach Packer Truck	\$110,000.00		\$0.00
2008 Mack Roll-off Truck	\$32,000		\$0.00
2005 GMC Packer Truck	\$3,000.00		\$3,000.00
2000 International Roll-off Truck	\$6,000.00		\$6,000.00
2000 Mack Packer Truck	\$2,000.00		\$2,000.00
1998 Volvo Packer Truck	\$1,900.00		\$1,900.00
1989 International Packer Truck	\$2,000.00		\$2,000.00
Various Office Equipment	\$2,500		\$2,500.00

Dumpsters and Roll-off containers	\$11,000.00		\$11,000.00
TOTAL	\$275,955.92		\$35,955.92

The asset description above mirrors the Debtor's disclosure on Schedule B of its filed Petition and Schedules.

B. Debts

As of the commencement of the case, the debts against the Debtor were:

1. Secured Claims

According to the books and records of the Debtor, as of the commencement of the above-captioned case, the secured claims against the Debtor were:

<u>Creditor</u>	<u>Security Interest</u>	<u>Collateral</u>	<u>Amount</u>
CNB Bank	UCC-1 Financing Statement of record	One Heil Packer - S/N 502931 and all accessories and attachments	\$0.00
CNB Bank	UCC-1 Financing Statement of record	1 Heil Packer, S/N FR-502931; 1 Leach Packer S/N 12305 together with all accessories and attachments	\$0.00
Corporation Service Company	UCC-1 Financing Statement	All Assets	\$0.00
Hitachi Capital Corp.	PA Certificate of Title	2015 Hino Packer Truck	\$161,177.64
Mack Financial Services	PA Certificates of Title and UCC-1 Financing Statement	2008 Mack Roll-off Truck	unknown as of date of filing
Mack Financial Services	PA Certificates of Title and UCC-1 Financing Statement	2014 Mack Packer truck	unknown as of date of filing
Mercer Insurance	Security Interest	uninsured insurance premiums	\$10,510.75
United Fire Group	Security Interest	unearned insurance premiums	\$1,944.00

VFS US, LLC	UCC-1 Financing Statement	2008 Mack MRU613 and 1999 Leach Rear Packer	unknown as of date of filing
VFS US, LLC	UCC-1 Financing Statement	2008 Mack MRU613 Packer and 2010 Hino 338 with 2 YD Loadmaster Legacy Rear Loader	unknown as of date of filing
VFS US, LLC	UCC-1 Financing Statement	2014 Mack GU433 and 25 YD Loadmaster Packer and additional pusher axle	unknown as of date of filing

2. Unsecured Claims Entitled to Priority

As of the commencement of the case, the Debtor's records reflect that unsecured claims entitled to priority under 11 U.S.C. § 507(a) (priority wage claims) totaled \$0.00, with \$0.00 due and owing pursuant to 11 U.S.C. § 507(a) (8) (priority tax obligations).

The Debtor owed no priority wage claims as all such claims were paid prior to the filing of the voluntary petition for relief.

The books and records of the Debtor, evidenced that no amounts were due and owing to numerous taxing bodies. However, the Internal Revenue Service ("IRS") file a Proof of Claim asserting pre-petition taxes were due and owing.

3. Unsecured Claims Not Entitled to Priority, Including Undersecured Claims

The unsecured claims which are not entitled to priority against the Debtor are itemized on Schedule F, which is of record. The total scheduled amount of all such claims was \$247,838.49. This amount includes any claims the Debtor avers are not secured pursuant to 11 U.S.C. § 506 and any claims bi-furcated pursuant to 11 U.S.C. § 506. Upon the filing of the voluntary petition for relief, various claims have been filed resulting in an increase in the amount of unsecured claims, not entitled to priority, including undersecured claims resulting in a total amount of \$381,867.88.

C. Executory Contracts and Unexpired Leases

As of the commencement of the case, the Debtor was party to various unexpired leases and executory contracts pertaining to the operation of its business, as follows:

Other Party to Lease/Contract	Description
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Jeff and Leona Vaughn	Month-to-month lease of garage and office space.
Jeff and Leona Vaughn	2010 Ford F-250 pick up truck
Jeff Vaughn	Tractor/Loader Backhoe

* every effort was made to ensure a complete and accurate list of executory contracts/leases. To the extent a counter party was omitted, the same is deemed included.

V. SIGNIFICANT POST-PETITION EVENTS

The purpose of this section of the Disclosure Statement is to apprise creditors of significant post-petition events that affect the present status of the case potentially could affect the vote of a creditor on the Plan.

The Debtor/Bankruptcy Estate has a post-petition claim versus On-Deck Capital related to three (3) installment payments that were taken post-petition in violation of the automatic stay. The Debtor anticipates seeking the recovery of these unauthorized payments which will inure to the benefit of unsecured creditors.

Exclusive of the matters discussed above, no additional events have occurred which, in the Debtor's opinion, would affect the status of this case. As discussed above, the Debtor has entered into adequate protection payment agreements with its secured creditors and, the Debtor's Plan provides for a dollar for dollar credit from those payments against the respective allowed secured claims.

VI. STATUS OF ASSETS AND LIABILITIES AS OF THE DRAFTING DATE OF PLAN

A. Assets

The of the commencement of above-captioned case, the Debtor's accounts receivable has fluctuated throughout the case based on customer demand and payments by customers (in excess of 600 individual customers). Additionally, cash on hand, bank account balances, and the accounts receivable have fluctuated as the case has progressed.

The Debtor's net cash flow as of July 11, 2016, was \$19,040.72.

YOU ARE ADVISED THAT, UNLESS SPECIFICALLY SET FORTH OTHERWISE, THE VALUATIONS PLACED ON THE ASSETS IDENTIFIED ABOVE ARE THE VALUES OF THE ASSETS AS OF THE COMMENCEMENT OF THE CASE IN THE OPINION OF THE DEBTOR, BASED ON ITS FAMILIARITY THEREWITH.

TO THE EXTENT ANY CREDITOR BELIEVES THAT KNOWLEDGE OF THE FAIR MARKET VALUE OF THE ASSETS AS OF THE COMMENCEMENT OF THE CASE IS

REQUIRED FOR HIS/HER/ITS EVALUATION OF THE PLAN, AND HIS/HER/ITS VOTING THEREON, HE/SHE/IT SHOULD AND MAY OBTAIN AN INDEPENDENT APPRAISAL OF ALL OR ANY ASSETS AT ISSUE AT HIS/HER/ITS COST.

Description	Value	Basis for Valuation (if other than Debtor's estimate)	Value Minus Liens
Checking Account with CNB Bank	\$7,187.55*	Bank Statements and Debtor's records	\$7,187.55
Accounts Receivable	\$3,545.42	Debtor's Records	\$3,545.42
Customer List	\$1,000.00		\$1,000.00
2015 Hino Packer Truck	\$98,000.00		\$0.00
2104 Mack Packer Truck	\$110,000.00		\$0.00
2008 Mack Roll-off Truck	\$32,000.00		\$0.00
2005 GMC Packer Truck	\$3,000.00		\$3,000.00
2000 International Roll off Truck	\$6,000.00		\$6,000.00
2000 Mack Packer Truck	\$2,000.00		\$2,000.00
1989 International Packer Truck	\$1,900.00		\$1,900.00
Various Office Equipment	\$2,500.00		\$2,500.00
Dumpsters and Roll-off containers	\$11,000.00		\$11,000.00
TOTAL	\$278,132.97		\$38,132.97

* bank account balances total \$19,040.72 as of July 11, 2016. The Debtor has outstanding checks and accounts payable totaling \$11,853.17 as of July 11, 2016.

** assumes a 100% liquidation value of the Debtor's assets (computer equipment, office furniture, computer software, dumpsters, roll-off containers, etc.) without taking consideration the costs of sale.

B. Debts

1. Secured Claims

The secured claims set forth above have been clarified based on claims filed by the creditors. The secured claims are set forth as follows:

Entity	Asserted Claim
Hitachi Capital America Corp.	\$110,000.00
Mack Financial Services, a division of VFS US LLC	\$38,641.93
Mack Financial Services, a division of VFS US LLC	\$197,069.72

Through the course of the Chapter 11 case, the Debtor has remitted adequate protection payments in the ordinary course of business with said payments being applied to the amount of the allowed secured claim to reduce the same. The creditors will retain their respective security interests in the collateral securing the respective obligation. The allowed secured claims will be re-amortized from the Effective Date, as that term is defined in the Chapter 11 Plan of Reorganization Dated July 11, 2016, at an interest rate of 5.0% per annum.

2. Unsecured Claims Entitled to Priority

This is an area of significant change since the commencement of the case.

Since the case was commenced, the Debtor has, with the approval of the Court, retained legal counsel. The claims of any professionals retained by the Bankruptcy Estate are entitled to administrative priority pursuant to 11 U.S.C. § 507(a) (2) and did not exist at the commencement of the case. The projected amount of these claims are set forth in the summary of the Plan of Reorganization, below.

Entity	Estimated amount of administrative claim
Spence, Custer, Saylor, Wolfe & Rose, LLC (Debtor's Counsel)	\$10,000.00
Total	\$10,000.00

The Debtor owed no priority wage claims under 11 U.S.C. § 507(a) (4).

While the Debtor's books and records did not indicate any amounts due and owing to the IRS, the IRS filed Proof of Claim Number 1-3 asserting a pre-petition tax liability of \$5,129.08 arising from Heavy Vehicle tax for the periods of 07/31/2014 and 07/31/2015 as well an estimated tax liability for the Debtor's 2015 corporate income tax liability. Similarly, the IRS asserted an administrative tax claim in the amount of \$1,136.00. The Debtor is in the process of reconciling this claim with the IRS.

General unsecured creditors not entitled to priority receiving a proposed 10.21% distribution with distributions to occur on at least an annual basis, as funds permit, upon the Debtor remitting monthly payments to the Plan Disbursement Agent in the amount of \$550.00 per month for a period of seventy-two months.

Claimant	Amount
United States of America, Internal Revenue Service	\$185.16
CNB Bank	\$143,935.44
CNB Bank	\$7,514.77
Geisinger Health Plan	\$20,644.69
Holtz Industries	\$808.50
Jeff Vaughn	\$11,000.00
Leona Vaughn	\$11,000.00
Nittany Oil Co.	\$5,016.47
On Deck Capital	\$54,667.20
Stone Valley Welding	\$2,862.00
Mack Financial Services, a division of VFS US LLC	\$87,069.72
Mack Financial Services, a division of VFS US LLC	\$6,641.93
Hitachi Capital America Corp.	\$30,522.00

C. Executory Contracts and Unexpired Leases

The executory contracts and unexpired leases that the Debtor maintains has remained the same throughout the case and, the Debtor intends on assuming all executory contracts and unexpired leases. The Debtor asserts that there are no amounts due and owing to cure in order to assume the same and the executory contracts and unexpired leases are not burdensome to the estate and in fact provide a benefit to the Debtor. The Debtor avers that there are no cure amounts due and owing on all executory contracts/unexpired leases.

Counter- Party	Executory Contract/Unexpired Lease
Jeff & Leona Vaughn	Month-to-month lease of garage and office
Jeff & Leona Vaughn	2010 Ford F-250 pick up truck
Jeff Vaughn	Tractor/Loader backhoe
Mercer Insurance	Insurance coverage/contract
United Fire Group	Insurance coverage/contract

D. Administrative Claims

The administrative claim of the United States of America, Internal Revenue Service, in the amount of \$1,136.00 is currently being reviewed by the Debtor and attempts to rectify the same are being made with the IRS. The Plan provides for the payment in full without interest of this claim as soon as practical unless otherwise agreed to by the parties.

VII. COMPARISON WITH CHAPTER 7 CONVERSION/LIQUIDATION

It is submitted that the Chapter 11 Plan of Reorganization Dated July 11, 2016, produces a substantially greater return to creditors than a Chapter 7 or other liquidation. In short, in a Chapter 7 or other forced liquidation, it is projected that the only creditors to receive any payment whatsoever would be counsel for the Debtor, with priority creditors then receiving payment. It is submitted that while it is more likely than not that Debtor's counsel would receive payment in full, after the payment of Chapter 7 Trustee commission, Trustee counsel fees, and any administrative costs of the estate, including but not limited to income tax liability, that the administrative and priority tax creditors may receive payment in full. In a Chapter 7 liquidation, the Debtor avers that unsecured creditors would receive little to no distribution whatsoever.

More specifically, in a typical liquidation, a Trustee would be appointed to liquidate the assets of the estate. In theory, a Trustee could continue to operate the Debtor's business during the pendency of the Chapter 7 case. However, it is virtually unheard of in the Middle District of Pennsylvania for a Trustee to operate a business, particularly a business such as this, a garbage hauling business. Thus, the business would almost certainly cease operations upon conversion. Not only would the cessation of business affect the Debtor, the over 600 individual residential and commercial customers who rely on the Debtor for their weekly curbside garbage pick-up would be adversely affected.

In this case, the "newer" vehicles, equipment and accessories, are under-secured and it is the Debtor's position that the respective secured creditor for the collateral would file for relief from the automatic stay, which more likely than not would be granted, repossess and sell its collateral. More likely than, not, based on prior experience, the collateral sales would result in deficiency claims which would increase the pool of general unsecured creditors. As it relates to the vehicles with equity, the office and computer equipment, and the dumpsters and roll-off containers, the Trustee would seek the assistance of an auctioneer to evaluate and possibly sell the equipment and assets that on paper show that there is equity in them. If history is any indication, forced sales almost always generate sale prices far below market value; an auction of these types of assets would never bring the values/dollar amounts listed by the Debtor. A Trustee would be lucky to realize 15-20% of the total value of the vehicles, office and computer equipment, dumpsters and roll-off containers with the added costs related to an auction sale including but not limited to auctioneer commission and costs, advertising costs, Trustee and Trustee counsel fees associated with bringing forth such a motion as well as the resulting tax liability to the Bankruptcy Estate of any sale. In addition, the Trustee/Bankruptcy Estate would incur costs related to the storage of these items pending any type of sale. This is especially true since the Debtor does not own the real estate from which it operates. The associates lease payments/expense would result in an administrative claim further diminishing the return to creditors as its payment would occur before both priority and non-priority unsecured claims.

Candidly, a Trustee, in all likelihood, would conduct a liquidation of available assets to achieve some type, albeit minimal, recovery for the benefit of the administrative and priority creditors.

In any scenario in which the Trustee sells any Estate assets, the Bankruptcy Estate itself will incur tax liability which will require the retention and payment of an accountant for the Bankruptcy Estate and, more likely than not, require the payment of Federal and state income tax liability reducing further the funds that would be available for distribution to creditors.

A Chapter 7 Trustee would be in a position to attempt to collect the accounts receivable from over 600 residential and commercial customers in an effort to recover assets for the Estate.

As such, the Debtor believes that, in a liquidation, the following scenario would unfold. First, the Trustee would more likely than not liquidate the Debtor's furnishings and office equipment, dumpsters and roll-off containers and several of the vehicles. Assuming the Trustee sells or auctions off these assets, the first entity to be paid would be the auctioneer for his/her/its commission and costs. Second, out of any liquidation proceeds, if any, the Trustee's compensation would be paid, then, any fees and costs of the Trustee's counsel. In the event that any proceeds remain, those funds would first be paid to those entities holding administrative claims including but not limited to the Estate's income tax liabilities and Debtor's counsel fees. The Debtor does not believe that there would be sufficient proceeds remaining from an auction/liquidation of its office furniture and equipment, dumpsters and roll-off containers, and several used vehicles that would result in a payment in full to priority creditors (i.e. government entities for taxes) let alone any meaningful distribution to general unsecured creditors.

Based on the foregoing, the Debtor believes that administrative creditors would receive payment in full. The Debtor believes that priority unsecured creditors may receive payment in full. The Chapter 7 Trustee would receive payment in full on his/her statutorily allowed Trustee's compensation/commission as well as payment in full for the Trustee's counsel fees and costs. In the event of a liquidation, the auctioneer would be paid in full for his/her/its commission and costs. The Debtor further avers that it is possible, based on the total amount of tax liability of the Bankruptcy Estate that the Federal income tax liability of the Bankruptcy Estate will receive payment in full however, this is uncertain depending on how much that tax liability ends up being after the liquidation of assets. If there are sufficient funds available after the payment of the foregoing, the Chapter 7 Trustee may make a minimal distribution to priority creditors (taxing bodies) in approximately 12-18 months after conversion. **In short, in a liquidation, the only creditors which the Debtor forecasts to receive any significant distribution, are the administrative claims (Debtor's counsel fees, accountant fees, auctioneer fees, Trustee commission/compensation, and Trustee's counsel's fees and costs) as well as income tax claimants.**

Under the proposed Chapter 11 Plan, however, the Debtor is proposing to pay the total amount of approximately \$39,000.00 to general unsecured creditors over time after the payment of administrative claims. This is a distribution that candidly, the Debtor believes would never happen in a Chapter 7 liquidation. The Debtor's Chapter 11 Plan provides for the payment in full of all administrative and priority claims and allow for a distribution to general unsecured creditors over time. Under the Plan, the Debtor is eliminating the additional costs associated with a liquidation and a Chapter 7 Trustee including but not limited to Trustee's compensation/commission on the gross amount of the estate recovered; Trustee's counsel fees

and costs; costs of an auctioneer, if any; costs for the retention of an accountant for the estate; as well as any tax liability resulting from a liquidation.

Moreover, even assuming that somehow funds would be available for distribution to priority creditors (taxing bodies) in a Chapter 7 case, those distributions would not be made until the Trustee liquidated all assets and the Court approved the Final Accounting and Distribution Schedules, which, given the nature of the assets in this case, is projected to take at least six (6) months depending on the Trustee's ability to liquidate assets. Further, any amounts recovered by the trustee would be reduced by the trustee's commission under 11 U.S.C. Section 326, counsel fees, and costs incurred. Under the Plan however, distributions commence within a relatively short period of time after the Effective Date, at least as it applies to both administrative and priority claims, thereby allowing creditors to commence receiving payments much sooner than they would in a Chapter 7. Under the Plan, counter parties to leases are also being paid their respective cure amounts within a relatively short period of time from the Effective Date; this would clearly not occur in a liquidation.

Liquidation	Reorganization/Plan
Checking Account - CNB Bank \$19,040.72	Total amount to be paid into Plan for general unsecured creditors as determined by schedules: \$39,000.00
Accounts Receivable	
Customer List - \$0.00	
2005 GMC Packer Truck - \$3,000.00	
2000 International Roll-Off Truck - \$6,000.00	
2000 Mack Packer Truck - \$2,000.00	
1998 Volvo Packer Truck - \$1,900.00	
1989 International Packer Truck - \$2,000.00	
Various office equipment - \$2,500.00	
Dumpsters and roll-off containers - \$11,000.00	
Estimated amount of administrative claims (counsel fees, trustee fees, commission, accountant, auctioneer etc.) - \$20,000.00	Estimated amount of administrative claims (Debtor's counsel fees) - \$10,000.00
Estimated Tax liability of Bankruptcy Estate (12% liability) \$2,000.00	Payment to priority creditors \$5,129.08
Estimated Administrative claims - \$11,853.17	

(representing outstanding checks as of July 11, 2016, and accounts payable).	
Estimated distribution to priority creditors and administrative claimants (taxing bodies) in best case scenario \$6,229.08	
Estimated payment to general unsecured creditors approximately \$7,267.83	Estimated distribution to unsecured creditors under Plan \$29,000.00

Accordingly, it is submitted that all creditors will receive a greater return under the Plan than they would in a Chapter 7 liquidation.

VIII. FEASIBILITY OF THE PLAN

Feasibility involves an analysis of whether the Debtor is likely to be able to comply with the terms of the Plan and fulfill its obligations thereunder. In order to meet the "feasibility" requirement, the Plan must offer a reasonable assurance of success. Success need not be guaranteed. The mere possibility of failure does not render a plan unfeasible.

It is submitted that the Plan, as proposed, is feasible.

As this Plan is predicated on the Debtor's continued operation and future income to fund said Plan, the Debtor is attaching a proposed budget projection for the next twelve (12) months of the Debtor's future financial performance. Based on the Debtor's recent income and expenses being relatively in line with its projections, it is respectfully submitted that the Plan is feasible.

The Debtor is proposing to fund its distribution to creditors, administrative, priority and general unsecured creditors from ongoing operations in addition to any recovery made from both bankruptcy and non-bankruptcy related litigation. **The sources of Plan funding are as follows:**

- A. Continued operations with the Debtor remitting a monthly payment of \$550.00 per month to the Plan Disbursement Fund/Agent for a period of seventy-two (72) months.
- B. Potential litigation versus On Deck Capital related to post-petition deduction of payments and Holtz Industries related to repairs/modification made to various vehicles. The Debtor is currently reviewing claims to determine the likelihood of success and chance of recovery.

IX. CONCLUSION

This Disclosures Statement has been prepared on behalf of the Debtor in accordance with 11 U.S.C. § 1125. The purpose of this Disclosure Statement is to provide creditors and

other parties in interest with information sufficient to allow such parties to make an informed decision regarding the advisability of voting "for" or "against" the proposed Plan. All creditors and parties in interest should carefully review the schedules, pleadings, monthly operating reports, the Plan and this Disclosure Statement to determine whether their best interests and those of similarly situated creditors will be best served by confirmation of the Plan. If, after reviewing the relevant information, questions remain as to the terms of the Plan and/or the effect of said Plan, parties in interest are advised to contact counsel of his/her/its choosing having knowledge of bankruptcy matters.

Respectfully Submitted,

Spence, Custer, Saylor, Wolfe & Rose, LLC

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