

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

IN RE: : Case No. 1:17-bk-01234-RNO
SHIFFER, INC. :
Debtor : Chapter 11

**DISCLOSURE STATEMENT IN SUPPORT
OF DEBTOR'S PLAN OF REORGANIZATION**

**I.
INTRODUCTION**

1.1 Introduction

The Debtor, Shiffer, Inc. ("Shiffer" or "Debtor"), provides this Second Amended Disclosure Statement (the "Disclosure Statement") for the Plan of Reorganization (the "Plan") filed by it contemporaneously with this Statement.

Any terms set forth herein, which are capitalized, and which are defined in the Plan, shall have the same meaning as in the Plan, unless inconsistent with the Plan or otherwise set forth in the Plan or in this Disclosure Statement.

THIS DISCLOSURE STATEMENT IS ONLY A PROPOSAL UNTIL SUCH TIME AS THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. CREDITORS AND PARTIES IN INTEREST (AS DESIGNATED BY THE COURT) WILL HAVE AN OPPORTUNITY TO OBJECT TO THE PROPOSED DISCLOSURE STATEMENT, AND SOLICITATION OF THE ACCEPTANCE OF THE PLAN OF REORGANIZATION CANNOT BE MADE UNTIL SUCH TIME AS THE PROPOSED DISCLOSURE STATEMENT IS APPROVED BY THE BANKRUPTCY COURT.

1.2 Purpose of Disclosure Statement

As required by Section 1125 of the Bankruptcy Code, the Debtor has filed this Disclosure Statement for Court approval before circulation to holders of Claims and interests and before solicitations of acceptances of the Plan.

The purpose of this Disclosure Statement is to provide the holders of Claims in this case, and other parties in interest, with adequate information concerning the Debtor and the proposed Plan so that Claim holders can arrive at a reasonably informed decision so as to be able to exercise their right to vote on the Plan which has been filed with the Bankruptcy Court. A copy of the Plan will accompany this Disclosure Statement after the Disclosure Statement is approved by the Court and will be sent to those creditors and parties in interest as the Court directs. Those creditors whose Claims are not impaired (as defined in Section 1124 of the Bankruptcy Code) may not receive a copy of the Disclosure Statement and Plan.

ONLY THOSE CREDITORS WHO HAVE ALLOWED CLAIMS AND ARE ENTITLED TO VOTE ON THE PLAN UNDER THE BANKRUPTCY CODE WILL RECEIVE BALLOTS WHICH WILL ACCOMPANY THE APPROVED DISCLOSURE STATEMENT. LATE FILED CLAIMHOLDERS MAY NOT BE PERMITTED TO VOTE ON THE PLAN.

1.3 Plan Confirmation

The Court will set a date for the hearing on the acceptance of the Plan and its confirmation. Prior to such hearing, those creditors eligible to vote on the Plan may so vote on the Plan by filling out and mailing the ballot which accompanies the approved Disclosure

Statement. Ballots should be forwarded to: Robert E. Chernicoff, Esquire, Cunningham & Chernicoff, P.C., P. O. Box 60457, Harrisburg, Pennsylvania 17106-0457, in accordance with the Order setting the time for the filing of ballots. Ballots must be received on or before the date fixed by the Court. Any ballots received after the deadline may not be counted, unless the Court orders otherwise. Any ballot which sets forth an amount of a Claim which differs from the amount which is scheduled, or as filed in an allowed Proof of Claim, may, at the option of the Plan proponent (the “Debtor”), be corrected to the allowed amount (as defined in the Plan). Further, any ballot which sets forth the wrong classification may be corrected by the Plan proponent, unless the Court orders otherwise.

As a creditor, your vote is important. The Plan can be confirmed by the Court if it is accepted by the holders of two-thirds in amount and more than half in number of the Claims of each of the affected, impaired classes voting on the Plan. In the event the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan. To be confirmed, the Plan must be accepted by at least one (1) impaired class determined without considering acceptances of insiders. If at least one (1) impaired class accepts the Plan, the Plan may be confirmed by the Court, if the Court finds, after notice, among other things, that the Plan accords fair and equitable treatment to any class rejecting the Plan, the Plan does not discriminate unfairly and the Plan meets the requirements of Section 1129(b) of the Code, including the requirement that creditors will receive as much as they would receive in a liquidation.

In the event a class of unsecured creditors fails to accept the Plan, a Plan may not be approved by the Court unless certain requirements are met as to classes of Claims or interests junior to the class which does not accept the Plan.

In this case, the last class of Claims, is the Class 5, General Unsecured Claims. The only Class junior to the Class 5 Claims is the Class 6, Equity Holders. All the equity of the Debtor consists of the stock in the Debtor held by Joshua Shiffer (“Joshua” or the “Shareholder”). In order for the Plan to be confirmed without violation of what is known as the Absolute Priority Rule, the Debtor must secure sufficient votes from its Class 5 General Unsecured Creditors to cause such Class 5 to have voted to confirm the Plan. In the event insufficient votes in Class 5 occur, the Debtor has certain additional provisions under the Code by which it can secure confirmation of this Plan, including, but not limited to, the placing of new value into its estate or exposing the equity (ownership) in the Debtor to bidding.

It should be noted that the Class 6 Equity Holder, the Shareholder, has guaranteed certain debts owed to Cresco Capital, Inc., a lessor to the Debtor. The Shareholder may also be liable to the PA Department of Revenue and to the Internal Revenue Service for certain taxes. A possible method by which the Plan can be confirmed notwithstanding insufficient votes from the Class 5 Claims, would be exposing the equity in the Debtor to creditors and other parties in interest such that such creditors and other parties in interest could bid or attempt to buy the equity. This would cause the new equity holder to then be the owner of the Debtor. By exposing the equity in the Debtor to bids by third parties, a determination can

be made as to whether any other parties will pay a sufficient amount to purchase the equity and, thus, own the Debtor.

A requirement of such exposure to bidding, however, may be that the bids be sufficient to remove the Shareholder from his obligation to Cresco, as well as ensure that the Pennsylvania Department of Revenue and the Internal Revenue Service are paid in full as to their secured and priority Claims. Thus, there may be a requirement for indemnification or otherwise removing the shareholder from the Cresco, Internal Revenue Service and PA Department of Revenue obligations. Also, if a party purchases all of the Shareholder's equity in the Debtor, such party may be required to provide funds in an amount sufficient to implement the Debtor's Plan.

Another method to secure confirmation of the Plan in the amount of insufficient Class 5 unsecured creditor votes is that the Class 6 equity holder may take the opportunity to place additional funds into the Debtor's estate. Such additional funds may be considered new value and be in a sufficient amount to permit confirmation of the Plan. The funds may be obtained from new loans from the Shareholder, or the Shareholder may secure new loans by use of guarantees. In order to be considered new value, such funds would have to be of an appreciable amount given the nature of this case, and would have to be allowed by the Court as constituting new value so as to cause confirmation of the Plan. The Debtor also will be utilizing its revenues and income to fund the Plan.

The Debtor is unable to predict how much new value might be placed into the estate and into the Plan. Such new value could also be in the form of equipment or other personal property, including, but not limited to, the placing of new vehicles into the Debtor.

Also, in the event that the Debtor does not receive sufficient votes from the Class 5 unsecured creditors, the Debtor may file an Amended Plan or provide a further analysis so as to cause unsecured creditors to vote in favor of the Plan. The Debtor believes that the offer to the unsecured creditors made in this Plan is a realistic one based upon the Debtor's liquidation values and based upon the Debtor's cash flow.

With respect to the secured creditors in this case, the cram down provisions of Section 1129(b) of the Code could be utilized to cause confirmation of the Plan. Each secured creditor is, under the terms of the Plan, retaining its respective lien securing its Claim and is receiving on account of such Claim, payments totaling at least the allowed amount of the Claim, or has consented to its treatment under the Plan. Under the Plan, the payments to a Secured Lender are of a value equal to the amount of the collateral held by the creditor. The secured creditor treatment is contained in Class 4. The issues which might affect confirmation as to these creditors might be a determination as to the value of such secured creditor's secured Claim and the terms of repayment thereof.

The Debtor, nonetheless, believes that the Plan does meet the requirements of Section 1129(b) as to the secured creditors. Thus, the Plan can be confirmed even if not all secured classes of Claims accept the Plan so long as one impaired class of Claims does accept the Plan as set forth above.

1.4 Disclaimers

NO REPRESENTATIONS CONCERNING THE DEBTOR, PARTICULARLY AS TO FUTURE BUSINESS OPERATIONS, VALUE OF PROPERTY, OR THE VALUE OF ANY PROMISES TO BE MADE UNDER THE PLAN OR ANY AGREEMENTS INCORPORATED IN THE PLAN, OTHER THAN AS SET FORTH IN THIS STATEMENT, ARE AUTHORIZED BY THE DEBTOR. THE ATTORNEYS FOR THE DEBTOR MAKE NO REPRESENTATION OTHER THAN THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BASED, IN PART, UPON INFORMATION SUPPLIED BY THE DEBTOR AND THE DEBTOR BELIEVES SUCH INFORMATION TO BE CORRECT AT THE TIME OF THE FILING OF THIS DISCLOSURE STATEMENT. NOTHING CONTAINED HEREIN SHALL CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE THE DISCLOSURE STATEMENT WAS COMPILED. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE THE VOTES OR ACCEPTANCES OF CREDITORS WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY CREDITORS IN ARRIVING AT A DECISION, AND ANY SUCH REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO THE COUNSEL FOR THE DEBTOR WHO, IN TURN, MAY DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS DEEMED APPROPRIATE. THIS DISCLOSURE STATEMENT, WHEN APPROVED BY THE COURT, IS THE

ONLY APPROVED STATEMENT CONCERNING THE MATTERS AND FACTS DEALING WITH THE SOLICITATION OF ACCEPTANCES FOR THE PLAN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSES OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PROPONENT OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON THE DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR.

THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING PLAN IS NOT AN OFFER TO SELL SECURITIES. ALL CREDITORS AND PARTIES IN INTEREST ARE DIRECTED TO CONSULT WITH THEIR TAX ADVISORS AND NO TAX ADVICE IS INTENDED TO BE GIVEN BY THE PLAN AND DISCLOSURE STATEMENT

THE STATEMENT AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF THE PLAN PROPONENT AND NO OTHER PARTY IN INTEREST IS RESPONSIBLE FOR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.

**CERTAIN OF THE INFORMATION, BY ITS NATURE, IS FORWARD
LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE
TO BE FALSE OR INACCURATE AND CONTAINS ESTIMATES WHICH MAY BE
MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH
ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL
PURPOSES ONLY AND NO REPRESENTATION OR WARRANTY IS MADE
WITH RESPECT THERETO. ALL PROJECTIONS CONTAINED HEREIN WERE
PREPARED BY OR AT THE REQUEST OF THE DEBTOR.**

1.5 Sources of Information

Financial information contained in this Disclosure Statement has not been subject to a certified audit. The Debtor has had financial statements and tax returns prepared in the past, but has not had an audit prepared.

The financial information contained in this Disclosure Statement and in the Exhibits hereto have been prepared based upon information supplied by the Debtor. No appraisal as to the Debtor's Assets has occurred, in part because of the small amount of hard assets. Nevertheless, based upon current market conditions, it is believed that the values which it has placed upon the Personal Property in the Liquidation Analysis set forth hereinafter and the Debtor's Schedules are reasonable. The values contained in the Liquidation Analysis are based upon the Debtor's knowledge of values of its Personal Property and its location.

Thus, the Debtor believes that any valuations contained in this Disclosure Statement are reasonable and accurate. Every reasonable effort has been made to present accurate figures.

Attached hereto as referenced in this Disclosure Statement are various exhibits. These exhibits include a list and schedule of Pre-Petition debts as of the Petition Date (Exhibit “A”). There may be additional Claims not reflected on the Schedules. The Debtor, however, believes that the Schedules are accurate. Exhibit “A” is based upon information supplied by the Debtor. The Schedules of Pre-Petition Debt are intended to reflect amounts believed owed Pre-Petition by the Debtor. Attached hereto as Exhibit “B” is the Claims Register reflecting Claims as filed with the Court. As part of the Disclosure Statement process, the Debtor will file a Motion with the Court seeking a Claims bar date. As a result, the Court will set a date by which all Claims against the Debtor will have to be filed.

The Debtor has prepared and filed with the Court a Statement of Financial Affairs, and Schedules of Liabilities and Assets, as required by the Bankruptcy Rules. The Debtor has filed monthly operating reports on a regular basis. The Statement of Financial Affairs, Schedules of Liabilities and Assets, and the monthly operating reports are on file with the Clerk in charge of Bankruptcy Operations, United States Bankruptcy Court for the Middle District of Pennsylvania, 228 Walnut Street, P.O. Box 908, Harrisburg, Pennsylvania 17108. Further, all pleadings and Orders filed in this case are on file with the Bankruptcy Clerk at such address or online in the Court’s ECF system. These documents are available for public inspection; all documents filed with the Court by the Debtor, and those attached to this Disclosure Statement, are believed to accurately reflect the Debtor's assets and liabilities at

the date of filing, to the best of the Debtor's knowledge, information and belief, and the Debtor's cash receipts and expenditures since the date of filing. As set forth above, however, none of these documents have been subject to a certified audit, although the Debtor believes the information to be reasonably accurate.

II. BACKGROUND

2.1 General

The Debtor is a Pennsylvania business corporation which was formed in 2012. The Debtor was formed to perform over the road trucking services. The company was formed by Joshua Shiffer, who is the sole shareholder. The company operates out of its location in Dauphin County, Pennsylvania.

2.2 Pre-Petition Activities

When the Debtor was formed, it did not generate sufficient cash flow to pay all of its various payroll taxes. The Debtor, as a startup business, did not operate efficiently and, thus, did not generate sufficient cash flow to pay all of its creditors. Thus, the Debtor suffered financial shortfalls.

The Debtor has taken steps to operate more efficiently, cutback on personnel, raise its prices as to secure more revenue and engage in more profitable jobs. The Debtor believes that its cash flow will now be sufficient to fund the Plan.

III. PRE-PETITION OBLIGATIONS

Attached hereto as Exhibit “A” are Schedules D, E and F of the Bankruptcy Schedules and an Amendment thereto, as filed by the Debtor in this case. These Schedules set forth the secured and unsecured creditors of the Debtor, as the Debtor believes such existed as of the Chapter 11 Petition Date.

The Schedules of the Debtor, as set forth in Exhibit “A”, list those creditors of the Debtor which the Debtor believes existed as of the date of the Chapter 11 Petition, together with the amounts which the Debtor believes it owed to these creditors as of the Petition date.

A bar date will be established as part of the case process. Creditors may file Claims which are in amounts which are different from those set forth on the Schedules. The bar date will establish a final date by which all Claims against the Debtor will need to be filed. The Debtor will examine all Claims as filed and the Debtor reserves the right under the Plan and under the Bankruptcy Code to object to any Claims which may be in error, including, those Claims which are duplicative or contain improper amounts of interest. A summary of the various Claims of creditors is set forth hereinafter.

3.1 Secured Creditors

3.1.1 BMO Harris

BMO Harris provided a loan to the Debtor by which the Debtor purchased two (2) trucks. The Debtor scheduled BMO Harris as being owed \$106,132.00. BMO Harris filed a Claim in the amount of \$105,505.00. The Claim is also subject to the BMO Harris

Stipulation which was entered into by BMO Harris and the Debtor as to certain post-Petition delinquencies of payment.

3.2 Priority Tax Claims

3.2.1 Internal Revenue Service

The Internal Revenue Service has filed a Claim against the Debtor which includes a secured portion and an unsecured, priority portion.

The IRS secured Claim is filed as being in the amount of \$194,160.49. The Debtor entered into a Stipulation with the IRS as to the use of cash collateral. The Stipulation sets forth that the secured portion of the IRS Claim, as of the Petition Date, is in the amount of approximately \$158,365.85, which is the amount of the value of the Debtor's accounts receivable as of the Petition Date. The IRS has filed six (6) liens in the Court of Common Pleas of Dauphin County setting forth its secured Claim. The secured portion of the IRS Claim is secured upon all of the Debtor's assets, subsequent, however, in priority to BMO Harris as to the vehicles which are BMO Harris' collateral.

The IRS also has a priority Claim which is filed in the amount of \$55,256.10. The balance of the IRS Claim is a general unsecured Claim. It should be noted that the Debtor scheduled the priority portion of the IRS Claim as \$10,959.71.

3.2.2 Pennsylvania Department of Revenue

The Debtor scheduled two Claims in favor of the Pennsylvania Department of Revenue. The first scheduled Claim is listed in the amount of \$236,873.00 and the second

is listed Claim is in the amount of \$50,716.63. The Commonwealth of Pennsylvania, Department of Revenue filed a Claim in the amount of \$46,261.42.

3.2.3 Unemployment Compensation

The Debtor scheduled a Claim in favor of the Pennsylvania Unemployment Compensation Tax Office in the amount of \$47,855.13. Such office filed a Claim for UC Taxes in the total amount of \$53,700.71, of which it listed \$51,290.19 as secured. Because of the lack of collateral and because the U.C. tax liens are believed to be junior in priority to the Internal Revenue Service, such Claim is believed to be a priority Claim.

3.2.4 New York State Department of Taxation

The Debtor scheduled a Claim in favor of the New York State Department of Taxation and Finance in the amount of \$10,700.00. Such agency filed a Claim in the amount of \$16,265.70, of which 11,509.38 is listed as priority.

3.3 Unsecured Claims

The Debtor scheduled approximately \$50,135.91 in unsecured Claims. One unsecured Claim has been filed to date with the Court. The unsecured Claim is filed by Darryl Strohecker in the amount of \$37,046.42. The Debtor scheduled this Claim in the amount of \$22,078.66.

IV. POST-PETITION ACTIVITIES

4.1 General

Immediately upon the filing of the case, the Debtor filed motions to utilize cash collateral and one with respect to utilities, as well as to pay pre-Petition payroll. The Court

scheduled an expedited hearing thereon. No objections were filed to these motions and Orders were entered approving the first day motions. Thereafter, based upon negotiations with the Internal Revenue Service, the Debtor entered into a Stipulation with the Internal Revenue Service for the use of cash collateral which was filed with the Court in October, 2017. The Stipulation sets forth that adequate protection payments are to be made to the IRS based upon the accounts receivable of the Debtor being in the amount of \$158,365.85. As a result, the Debtor is to pay adequate protection payments in the amount of \$3,575.76 to the Internal Revenue Service. Such Stipulation has been approved by the Court.

Thereafter, because the Debtor became delinquent in its payments to BMO Harris, the Debtor entered into a Stipulation for adequate protection whereby the Debtor, beginning in November, 2017, is to make regular monthly payments on the BMO Harris loan of \$3,870.91 per month, plus an additional one-half payment until a deficiency payment totaling \$4,644.01 has been paid in full. Under the terms of the Stipulation, the Debtor is required to pay additional one-half payments over a three (3) month period.

The Debtor has taken various actions in order to operate more efficiently and, thus, the Debtor believes its efforts will permit it to fund a Plan of reorganization.

V. SUMMARY OF DEBTOR'S ASSETS

5.1 General

The main assets of the Debtor consist of its vehicles and receivables. The Debtor operates with a minimal amount of equipment necessary to provide services to its customers. The Debtor's assets are summarized below.

5.2 Accounts Receivable

The Debtor scheduled accounts receivable of approximately \$170,000.00. The Debtor believes that such receivables are generally replaced over time.

5.3 Office Equipment

The Debtor scheduled office furniture and equipment having a minimal value of \$500.00.

5.4 Miscellaneous and Cash on Hand

The Debtor scheduled approximately \$16,000.00 in cash on hand and in its bank account.

VI. SUMMARY OF THE PLAN OF REORGANIZATION

6.1 Introduction

INCLUDED WITH THIS DISCLOSURE STATEMENT, UPON APPROVAL OF THIS STATEMENT BY THE COURT, IS A COPY OF THE PLAN OF REORGANIZATION OF THE DEBTOR, WHICH HAS BEEN FILED WITH THE BANKRUPTCY COURT. FOLLOWING IS A BRIEF SUMMARY OF THE DEBTOR'S PLAN OF REORGANIZATION, AND CREDITORS ARE URGED TO READ THE FULL TEXT OF THE PLAN ITSELF. WHILE THE FOLLOWING IS A SUMMARY, CREDITORS SHOULD NOT RELY UPON THE SUMMARY AS CONTAINING ALL PARTS OF SUCH PLAN. FURTHER, OTHER PARTS OF THIS STATEMENT, INCLUDING PART IV RELATING TO POST-PETITION TRANSACTIONS, SET FORTH ADDITIONAL INFORMATION REGARDING THE

PLAN. IF CONFIRMED, THE PLAN WILL BE BINDING UPON THE DEBTOR, ITS CREDITORS, ALL PARTIES IN INTEREST, AS WELL AS ALL EQUITY INTEREST HOLDERS, ALL OF WHOM ARE URGED TO CAREFULLY READ THE PLAN.

The Plan divides Claims into six (6) classes. Classes of creditors' Claims consist of: (1) expenses of administration for compensation of professionals; (2) other Administrative Claims; (3) Priority Tax Claims; (4) the allowed Claim of BMO Harris; and (5) the Claims of all other unsecured, non-priority Claim holders.

The sixth (6th) Class is Class 6, the Equity Holder. The Equity Holder is Joshua Shiffer, who owns 100% of the equity in the Debtor.

The first three classes are technically unclassified Claims and will not have the opportunity to vote. The treatment of classes of Claims is as set forth hereinafter. It should be noted, however, that the terms and conditions of the Plan control notwithstanding any statement contained in this Disclosure Statement.

6.2 Professional Administrative Claims and Administrative Claims

The general bankruptcy counsel to the Debtor during the Chapter 11 case and Post-Confirmation is Cunningham, Chernicoff & Warshawsky, P.C.

All professional Administrative Claims will be paid in cash on or before the Confirmation Date of the Plan, or as otherwise agreed in writing by the Claimant and the Debtor. If funds are owed to professionals and approval by the Court is necessary for

payment, then a sum will be escrowed in an amount sufficient to fund such sums owed to professionals.

Administrative Claim holders will be paid in the ordinary course of business, within sixty (60) days after the effective date of the Plan, or as otherwise agreed by the Claimant and the Debtor, whichever of these dates are later. Fees owed to the Office of the U.S. Trustee will be paid in the regular course by thirty (30) days after the close of each calendar quarter.

6.3 Priority Taxes

Priority taxes are treated in Section 4.3 of the Plan. The IRS portion of its Claim, which is secured, will be paid with interest at the rate of three percent (3%) per annum. This interest is to continue during the pendency of the Case. Under the terms of the IRS Stipulation set forth above, the Debtor is to have begun payments to the IRS as of December, 2017, in an amount sufficient to pay such IRS secured Claim over a period of sixty (60) months. The remaining amount of the IRS Claim is to be treated as a priority tax Claim and paid as set forth below.

All other priority tax Claims, as well as that portion of the IRS Claim which is entitled to priority and is not secured, shall be paid in full, on or before five (5) years after the Petition Date, together with interest at the rate of three percent (3%) per annum. All interest payments will begin as of the Effective Date of the Plan. The Plan proposes to pay these payments on a regular monthly basis and the monthly payments will begin in the first calendar month after the Effective Date.

The IRS will retain its liens as to that portion of the IRS Claim which is secured until such time as the amount set forth in any such lien is paid in full. With respect to that portion of the IRS Claim set forth in a lien which is not secured because of the lack of collateral, such lien shall also be satisfied upon payment of the IRS priority Claim.

6.4 BMO Harris

BMO Harris will continue to be paid regular monthly payments under its loan documents, together with payments in an amount sufficient to pay all past due amounts. These past due amounts will be paid, in part, by additional payments as set forth in the Stipulation between the Debtor and BMO Harris. In event any past due amounts or future past due amounts are not paid in accordance with BMO Harris' Stipulation, then any missed payments will be added to the term of the loan with BMO Harris so that regular monthly payments will continue until BMO Harris is paid in full. Until such time as BMO Harris is paid in full, BMO Harris shall retain its lien as to those vehicles upon which it has a lien pre-Petition.

6.5 General Unsecured Creditors

The Class 5 unsecured Claim holders will each be paid 10% of their allowed Class 5 Claim, payable in five (5) equal annual installments of 2% each. The first installment will be paid on or about six (6) months after the Effective Date of the Plan, with each succeeding annual installment continuing on the same month of each succeeding four (4) years thereafter.

6.6 Equity Holder

The Equity Holder is Joshua Shiffer, who owns all of the equity in the Debtor by virtue of his owing the stock issued by the Debtor. At the option of such shareholder, his equity interest in the Debtor either will be retained or canceled as of the Effective Date. If the shares are canceled, the Equity Holder will be issued new shares in the same amount as existed pre-Petition.

6.7 Executory Contracts

6.7.1 Real Estate Leases

As of the Petition Date, the Debtor has a month-to-month lease with Raffey's 21, LLC for an office in Herndon, Pennsylvania. This lease was assumed during the pendency of the Case. To the extent that any other assumption is necessary, the Plan provides for assumption of such lease.

The Debtor also had a lease of garage space in Halifax, Pennsylvania. The Debtor assumed such lease during the pendency of the Case. To the extent that such lease still exists, such lease is assumed under the Plan.

The Debtor may choose to move its premises as both of the above leases are on a month-to-month basis.

6.7.2 Vehicle Lease

The Debtor leases a 2016 Freightliner Cascadia from Cresco Capital, Inc. Under the Plan such lease is assumed.

6.7.3 Miscellaneous

The Debtor has various insurance contracts as to its premises, and other insurance contracts. Such contracts are assumed under the Plan. All other contracts are rejected under the Plan.

6.8 Means for Execution of the Plan

The Debtor intends to continue to operate its trucking business. It intends to ensure that it is charging proper amounts to its customers as well as operating efficiently. It is believed that these actions, together with securing additional business, will enable the Debtor to fund the Plan.

Attached hereto as Exhibit “C” are forecasted financial projections. The projections set forth that the cash flow of the Debtor does appear to be sufficient to make all payments under the Plan.

The Debtor also retains the right to sell its assets as an alternative and means to funds the Plan.

BECAUSE THE PAYMENT TO CREDITORS UNDER THE PLAN IS BASED, IN PART, UPON FUTURE EARNINGS OF THE DEBTOR, NOT ALL PAYMENTS TO CREDITORS UNDER THE PLAN ARE CERTAIN. ANY PAYMENTS TO BE PAID UNDER THE PLAN ARE THEREFORE CONTINGENT UPON THE FUTURE EARNINGS OF THE DEBTOR AND UPON SUFFICIENT VALUE BEING REALIZED BY THE DEBTOR FROM ITS ASSETS.

VII.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

7.1

BECAUSE THE TAX CONSEQUENCES TO CREDITORS AND DEBTOR ARE VARIED AND COMPLEX AND DEPEND, IN PART, ON PARTICULAR CIRCUMSTANCES AND BECAUSE NO RULING HAS BEEN REQUESTED OR OBTAINED FROM THE INTERNAL REVENUE SERVICE AS TO ANY TAX ASPECTS OF THE PLAN, AND NO OPINION OF COUNSEL HAS BEEN OBTAINED WITH RESPECT THERETO, EACH Claim HOLDER AND INTEREST HOLDER IS STRONGLY URGED TO CONSULT WITH THEIR RESPECTIVE TAX ADVISOR OR ACCOUNTANT ABOUT THE POSSIBLE TAX CONSEQUENCES OF THE PLAN. ALL Claim HOLDERS AND INTEREST HOLDERS SHOULD CONSIDER THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF THE PLAN. THE PLAN PROPONENTS ARE NOT MAKING ANY REPRESENTATION REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR, NOR ARE THE DEBTOR, THE COMMITTEE, OR THEIR RESPECTIVE COUNSEL RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES.

7.2

The following is a general summary of certain significant federal income tax consequences of the Plan for the Debtor's creditors. The following summary may assist the Debtor and its creditors in evaluating the effect U.S. federal income taxes may have if the

Plan is consummated. This summary does not address the federal income tax consequences to creditors whose Claims are entitled to reinstatement or payment in full in cash, or are otherwise unimpaired under the Plan.

This summary does not discuss all aspects of federal income taxation that may be relevant to creditors, particularly to creditors subject to special treatment under the federal income tax laws, such as tax-exempt entities, governmental agencies or political subdivisions, broker-dealers, mutual funds, insurance companies, small business investment companies, regulated investment companies, foreign corporations or individuals who are not citizens or residents of the United States. Except as expressly stated below, this discussion does not address any state, local or foreign tax matters.

This discussion is based upon information received from various sources and has not been audited or verified. Any material inaccuracies in the information may affect the stated conclusions regarding the tax consequences of the Plan. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Tax Code”), the Treasury regulations (including temporary regulations) promulgated thereunder, judicial authorities and current administrative rulings, all as in effect on the date hereof and all of which are subject to change (possibly with retroactive effect) by legislation, administrative action or judicial decision.

This discussion is only an overview of significant tax issues that may change their application and results (e.g., we are not discussing the tax consequences from the distribution

or liquidation of certain non-core assets). Moreover, the tax consequences of certain aspects of the Plan are uncertain because of the lack of applicable legal precedent.

Because of the complexity of the transactions contemplated by the Plan, the differences in the nature of the Claims of the various creditors, their taxpayer status and methods of accounting and prior actions taken by creditors with respect to their Claims, the described tax consequences are subject to significant uncertainties and variations in their application. The Plan proponents have not received an opinion of counsel or a ruling from the IRS as to the consequences of the Plan and do not intend to seek a ruling from the IRS or opinion of counsel with respect thereto. There can be no assurance the treatment discussed below may be accepted by the IRS.

7.2.1 Federal Income Tax Consequences to Holders of Claims

The federal income tax consequences of the implementation of the Plan to a creditor may depend upon a number of factors, including whether the creditor is deemed to have participated in an exchange for federal income tax purposes, the type of consideration received by the creditor in exchange for its allowed Claim, and whether the creditor reports the income on the accrual basis.

In general, holders of Claims who receive cash should recognize gain or loss in an amount equal to the difference between (I) the cash received and (ii) its adjusted tax basis in the Claim.

Where gain or loss is recognized by a holder of a Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be

determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Claim was acquired at a market discount or for the sale of inventory, and whether and to what extent the holder had previously Claimed a bad debt deduction.

To the extent that any amount received by a holder of a Claim under the Plan is attributable to accrued interest not previously included in the holder's gross income, such amount should be taxable to the holder as interest income. Conversely, a holder of a Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest on such holder's Claim was previously included in the holder's gross income but was not paid in full by the Debtor. Such loss may be ordinary, but the tax law is unclear on this point. The extent to which the consideration received by a holder of a Claim will be attributable to accrued interest on the obligations constituting such Claim is unclear.

VIII. DISPUTES

8.1 General

Under the Plan, the Debtor reserves the right to dispute and object to any Claim as filed.

8.2 Accident

One of the Debtor's trucks suffered an accident during the Case. While the Debtor has insurance, it is not know if the insurance will be sufficient to pay the other party that has

been involved in the accident in the event the Debtor is determined to be liable for the accident.

IX. RISK FACTORS

9.1 Continued Operations of the Debtor

There is no guarantee that the Debtor will obtain sufficient business to generate income to fund its Plan. Further, there is no guarantee that the Debtor's business will prove to be profitable and thereby generate sufficient cash flow to remain in operation and fund the Plan.

9.2 Vehicle Accident

Because of the vehicle accident, the Debtor may be found to have an amount awarded against it which is in excess of its ability to pay.

X. ALTERNATIVES TO THE PLAN

10.1

An alternative to the Plan is a liquidation of the Debtor's Assets. The Debtor believes it has very little equity in its vehicles. Further, its office equipment and furniture has minimal value. While the Debtor may have some equity in vehicles, used vehicles are very difficult to sell as there is a great deal of such vehicles on the market. Thus, liquidation would bring very little to creditors.

The Debtor's liquidation analysis is as follows:

	Face Amount	Liquidation Amount
Accounts Receivable	\$160,000.00	\$140,000.00
Office Equipment	\$500.00	\$500.00
Vehicles	\$240,000.00	\$150,000.00
Total	\$400,500.00	\$290,500.00
Less BMO Harris		(\$110,000.00)
Less Administrative Claims and Costs of Liquidation		(\$40,000.00)
Amount Available for Priority Creditors		\$140,500.00
Amount Available for Unsecured Creditors		\$0.00

The Debtor does not believe it would be able to refinance given the lack of appreciable assets.

XI. OWNERSHIP OF DEBTOR'S ASSETS SUBSEQUENT TO REORGANIZATION

11.1

Subsequent to the Confirmation of the Plan, the Debtor will be revested with all of its property then existing, free and clear of all liens, Claims and encumbrances, except as set forth in Articles V and XIII of the Plan. Under such Articles, only the liens of BMO Harris and the IRS, as to certain of the Debtor's Assets will remain.

Other than as set forth in the Plan, the assets of the Debtor will vest in the Debtor free and clear of all other liens and Claims.

11.2

Any transfer of any assets by the Debtor, including the sale of any real property of the Debtor, will constitute a transfer under the Plan, if it occurs after Confirmation of the Plan, and shall not be subject to a transfer, stamp or similar tax under any law, including those laws of the Commonwealth of Pennsylvania.

11.3

The Debtor's current management through Joshua Shiffer will remain as it exists pre-Petition.

XII. MISCELLANEOUS PROVISIONS

12.1

Under the Plan, the Debtor, its shareholders, officers, directors, employees, or agents (including the professionals and any other professionals retained by such persons) are released from liability to any holder of a Claim for any act or omission in connection with, or arising out of the bankruptcy case of the Debtor, the formulation of the Plan, the pursuit of approval of the Disclosure Statement for the Plan, or the solicitation of votes for or confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and in all respects, each shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

12.2

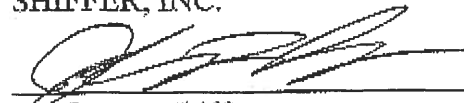
This Disclosure Statement will be provided to creditors after it has been approved, after notice and a hearing, by an Order of the United States Bankruptcy Court. The Court will find, upon approving the Disclosure Statement, that the statement contains adequate information in accordance with the provisions of the Bankruptcy Code. It should be understood that the Court's approval of the Disclosure Statement in no way constitutes an endorsement of the Plan by the Court or a guaranty of the accuracy or completeness of the information.

The information contained in this Disclosure Statement, and in the Plan, is based upon information developed by the Debtor. It has not been subject to a certified audit or independent review. Accordingly, neither the Debtor nor its counsel are able to warrant or represent that the information contained herein is complete, or is without any inaccuracy, although they have reasonably endeavored to obtain and supply all material information.

It is hoped that all creditors will join in to confirm the contents of the Plan so that creditors, as well as the Debtor, will receive the maximum results from the Plan.

Debtor:

SHIFFER, INC.



By: Joshua Shiffer
Its: President

Date: 01/19/2018

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