

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

In Re: ROZEL JEWELERS, INC.

Bankruptcy No. 16-10291-TPA

**AMENDED DISCLOSURE STATEMENT
TO ACCOMPANY PLAN DATED February 9, 2017**

Chapter 11 Small Business (Check box only if debtor has elected to be considered a small business under 11 U.S.C. §1121(e))

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code §1125 to assist them in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. §1129.

Address for return of ballots:
Daniel P. Foster, Esq.
Foster Law Offices
PO Box 966
Meadville, PA 16335

I. Background

1. Name of Debtor

Rozel Jewelers, Inc., 16039 Conneaut Lake Road, Suite 106, Conneaut Lake 16335-3859

2. Type of Debtor (individual, partnership, corporation)

Corporation

3. Debtor's Business or Employment

Jewelry Retail

4. Date of Chapter 11 Petition

March 31, 2016

5. Events that Caused the Filing:

The Debtor's profitability declined due to decreased on-line sales. This decrease was directly related to a "dispute" with Amazon.com, limiting sales options. This led the Debtor to file this Bankruptcy Case to protect assets.

6. Anticipated Future of the Company & Source of this Information and Opinion

The Debtor has financially streamlined all of his ongoing operations and aggressively sought other on-line sales possibilities. The Debtor has demonstrated the ability to turn a profit over the life of this case. Counsel believes that the Debtor can effectively re-organize by paying a 17% distribution to unsecured creditors over the 60-month plan term.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan

(a) Administrative Claims (1a): The administrative claims (Debtor's Counsel Fees) shall be paid from the remaining retainer on hand in the IOLTA account and through the plan thereafter.

(b) Class 1b: The secured claim of CAN Capital Asset Servicing, Inc shall be paid the full the secured claim of \$36,585.44 at 3.75% (Prime Interest Rate for January 2017) over the 60-month term.

(c) Class 2: After determination of their allowed claims, Class 2 general unsecured claims shall be paid the approximate amount of 17%, pro-rata, over the life of the plan. All timely filed unsecured claims shall receive a total, pro-rata distribution of \$17,188.33 or approximately 17% of said unsecured claims. This distribution is appropriate pursuant to the "liquidation alternative test". In other words, the Debtor's assets total \$53,768.77 pursuant to the schedules, less the timely filed secured claim of \$36,585.44 of CAN Capital Asset Servicing, Inc, result in "liquidation alternative" of \$17,188.33.

8. Are All Monthly Operating Statements Current and on File With The Clerk of Court?

Yes X No _____

If Not, Explain:

9. Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release.

NO

10. Identify all executory contracts that are to be assumed or assumed and assigned.

NONE

11. Has a bar date been set? Yes X No _____
(If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

12. Has an election under 11 U.S.C. §1121(e) been filed with the Court to be treated as a small business?
Yes X No _____

13. Specify property that will be transferred subject to 11 U.S.C. §1146(c).

NONE

II. Creditors

A. Secured Claims

SECURED CLAIMS

Creditor	Total Amount Owed	Arrearages	Type of Collateral Priority of Lien (1, 2, 3)	Disputed (D) Liquidated (L) Unliquidated (U)	Will Liens Be Retained Under the Plan? (Y) or (N)
CAN Capital Asset Servicing, Inc.	\$36,585.44		UCC-1 on all business assets	U	Y
TOTAL	\$36,585.44	\$			

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total Amount Owed	Type of Collateral	(D) (L) (U) *
None			
TOTAL	\$		

* Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ 158,000.00
2.	Amount of Unscheduled Unsecured Claims ¹	\$ 0
3.	Total Claims Scheduled or Filed	\$ 178,891.64
4.	Estimated Allowable Unsecured Claims	\$ 178,891.64

D. Other Classes of Creditors – N/A

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

E. Other Classes of Interest Holders – N/A

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$
2.	Amount of Unscheduled Claims ¹	\$
3.	Total Claims Scheduled or Filed	\$
4.	Amount Debtor Disputes	\$
5.	Estimated Allowable Claims	\$

¹ Includes (a.) unsecured claims filed by unsecured creditors; (b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and (c.) any unsecured portion of any secured debt not previously scheduled.

III. Assets

ASSETS

Assets	Value	Basis for Value Priority of Lien	Name of Lien Holder (if any) (Fair Market Value/ Book Value)	Amount of Debtor's Equity (Value Minus Liens)
Cash	\$150	Cash		\$150
Checking Account First National Bank 95129440	107.66	Checking Balance		\$107.66
Checking Account First National Bank 95129432	\$11.11	Checking Balance		\$11.11
Jewelry Inventory	\$50,000	Liquidation Value	CAN Capital Asset Servicing, Inc. UCC-1	\$13,414.56
Office Equipment	\$3500	Liquidation Value		\$3,500
	\$53,768.77			\$17,183.33
	TOTAL			TOTAL

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?

NO

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments. NO

IV. SUMMARY OF PLAN

1. Effective Date of Plan: 30 days after confirmation
2. Will cramdown be sought? ___ Yes X No
If Yes, state bar date: _____
3. Treatment of Secured **Non-Tax** Claims

SECURED NON-TAX CLAIMS

Creditor	Class	Amount Owed	Summary of Proposed Treatment
CAN Capital Asset Servicing,	1(b)	\$36,585.44	Paid in full over plan term at 3.75%
TOTAL		\$36,585.44	

4. Treatment of Secured Tax Claims

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
NONE			
TOTAL		\$	

5. Treatment of Administrative **Non-Tax** Claims²

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
Foster Law Offices	\$8000	P	\$8000 - less retainer on hand in IOLTA account, to be paid as due.
United States Trustee		P	To be paid as due.

6. Treatment of Administrative Tax Claims

ADMINISTRATIVE TAX CLAIMS

Name of Creditor*	Amount Owed	Type of Debt**	Summary of Proposed Treatment and Date of First Payment
None			

* Identify and Use Separate Line for Each Professional and Estimated Amount of Payment

** Type of Debt (P=Professional, TD=Trade, TX=Tax)

² Include all §503(b) administrative claims.

7. Treatment of Priority Non-Tax Claims

PRIORITY NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
None				

8. Treatment of Priority Tax Claims³

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
None				

³ Include dates when any §507(a)(7) taxes were assessed.

9. Treatment of General Unsecured Non-Tax Claims

GENERAL UNSECURED NON-TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
AMERICAN EXPRESS BANK, FSB	2	\$2807.15	9.6%
Quality Gold, Inc.	2	\$21548.63	9.6%
Mr. Edward Smurlo	2	\$16717.71	9.6%
Marquette Savings Bank	2	\$42263.01	9.6%
PNC BANK N.A.	2	\$9971	9.6%
Bulova Corporation	2	\$5084.14	9.6%
Bank of America	2	\$17000.00	9.6%
Chase	2	\$500	9.6%
Kabbage	2	\$630000	9.6%
TOTAL		\$178,891.64	

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
None			
TOTAL		\$	

11. Will periodic payments be made to unsecured creditors?

Yes X No _____ First payment to begin: Six Months after confirmation and semi-annual payments thereafter.

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Payment will be made from monthly retail profits to Debtor's Counsel. Counsel for the Debtor will disburse semi-annually.

Other significant features of the plan:

Include any other information necessary to explain this plan:

V. Comparison of Plan with Chapter 7 Liquidation

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

Total value of Chapter 7 estate (See Section III)	\$53,768.77
1. Less secured claims (See Section II A)	\$36,585.44
2. Less administrative claims (See Section IV-5-6 and include approximate Chapter 7 expenses)	\$7500
3. Less other priority claims (See Section II B)	\$0
Total Amount Available for Distribution to Unsecured Creditors	\$9683.33
Divided by total allowable unsecured claims of (See Section II C)	\$178,891.64
Percentage of Dividend to Unsecured Creditors:	5%

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes No

Explain: Distribution under Chapter 11 will avoid additional chapter 7 administrative expense. Also, the Debtor will be able to market and sell the collateral for more than a "liquidation value". If the items were sold at "auction" value in a Chapter 7, there would likely only be enough funds generated to pay the one secured creditor, leaving no distribution for unsecured creditors.

VI. Feasibility:

- A. Attach Income Statement for Prior 12 Months.
- B. Attach Cash Flow Statement for Prior 12 Months.
- C. Attach Cash Flow Projections for Next 12 Months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

\$63000

Show how this amount was calculated.

\$1050 x 60 Months

\$63000 TOTAL

What assumptions are made to justify the increase in cash available for the funding of the plan?

The monthly operating reports reflect the necessary profit to accommodate such a monthly payment.

Will funds be available in the full amount for administrative expenses on the effective date of the plan? From what source? If not available, why not and when will payments be made?

NONE. The remaining retainer on hand will address Counsel fees for the time being – and the Debtor will address future Counsel fees as they come due.
If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?

Direct Payments to the Administrative Expenses.

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
NONE		

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, litigation is pending? None

2. What, if any, litigation is proposed or contemplated? None.

IX. Additional Information and Comments

X. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

If Debtor is a corporation, attach a copy of corporate resolution authorizing the filing of this Disclosure Statement and Plan.

If Debtor is a general partnership, attach a copy of the consent agreement of all general partners to the filing of the bankruptcy.

 /s/ Glenn Rudolph _____
Signature of Debtor
or Authorized Representative

February 9, 2017
Date

 /s/ Daniel P. Foster _____
Debtor's Counsel

February 9, 2017
Date