

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

IN RE:

**PATRIOT ONE, INC.,
Debtor.**

**Bankruptcy No. 16-23160-GLT
Chapter 11**

Document No.

**DISCLOSURE STATEMENT
TO ACCOMPANY PLAN DATED JUNE 22, 2017**

X 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:

Robert O Lampl
960 Penn Ave., Suite 1200
Pittsburgh, PA 15222

I. Background

1. Name of Debtor
Patriot One, Inc.
2. Type of Debtor (individual, partnership, corporation)
Corporation
3. Debtor's Business or Employment
Construction
4. Date of Chapter 11 Petition
August 26, 2016

The Debtor experienced a significant downturn in business in 2015 and 2016, which resulted in financial issues and numerous lawsuits being initiated against the Debtor. The Debtor filed the instant case in order to reorganize its affairs and maximize the distributions to its creditors in an organized and fair manner.

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

The company's business operations have stabilized and the Debtor projects that the remainder of 2017 and 2018 will see an increase in the Debtor's business. This will result in additional funds being available to pay the creditors of the Debtor. This opinion is based upon the knowledge and information of David Yurkovich, Jr., who is the principal of the Debtor.

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

Payments under the plan will be made through the ongoing operations of the Debtor. General Unsecured Creditors will receive a quarterly distribution on their allowed claim. All liens will be retained until payment of the secured creditors' claims in full has been made.

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.

Yes. Contemporaneously with the filing of this instant Plan and Disclosure Statement, David Yurkovich will file a Plan in his related personal Bankruptcy Case. Given the overlap of claims against both the Patriot One and David Yurkovich, Jr. Estates, David Yurkovich, Jr., will also be released from any claims upon completion of the Debtor's Plan.

10. Identify all executory contracts that are to be assumed or assumed and assigned. No contracts will be assumed unless they have been assumed prior to the filing of the instant disclosure statement.

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)
Citizens Bank, NA	\$16,734.83 (as of filing date)	0	First Position on 2013 Ford F-250	L	Y
Toyota Lease Trust	\$22,600.50 (as of filing date)	0	First Position on 2016 LEXUS GX460	L	Y
Ford Motor Credit	\$33,000.00 (as of filing date)	0	First Position on 2015 Ford F-350	U	Y
TOTAL	\$89,070.16	\$0			

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total Amount Owed	Type of Collateral	(D) (L) (U) *
Internal Revenue Service	\$163,097.83	None	Disputed
TOTAL	\$163,097.83		

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

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$947,492.01
2.	Amount of Unscheduled Unsecured Claims ¹	\$272,707.97
3.	Total Claims Scheduled or Filed	\$1,220,199.90
4.	Amount Debtor Disputes	\$85,646.72
5.	Estimated Allowable Unsecured Claims	\$1,134,553.20

D. Other Classes of Creditors

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ N/A
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

1.	Amount Debtor Scheduled (Disputed and Undisputed)	\$ N/A
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 unscheduled 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)
Cash	\$16,920.18	-	-
Deposits	\$30,825.00	-	-
Receivables	\$241,672.50 (as of 4-30-17). Approximately \$192,000.00 deemed collectable.	-	-
Equipment owned by Debtor per schedules	\$50,000.00	-	-
	<p style="text-align: center;">\$339,417.68</p> <p style="text-align: center;">TOTAL</p>		

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

If so, identify asset and explain why asset is not in estate:

None.

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

Not applicable

IV. SUMMARY OF PLAN

1. Effective Date of Plan: September 30, 2017
2. Will cramdown be sought? Yes ___ No
If Yes, state bar date: 1/31/17
3. Treatment of Secured **Non-Tax** Claims

SECURED NON-TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
Citizens Bank, NA	1	\$16,734.83	Paid in full per loan agreement
Toyota Lease Trust	1	\$22,600.50	Paid in full per loan/lease agreement
Ford Motor Credit	1	\$33,000.00	Paid in full per loan agreement
TOTAL		\$89,070.16	

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
Deere Credit, Inc.	\$15,084.00	Equipment Lease	Paid pursuant to November 18, 2016 Order of Court (Doc. No. 78)
Cleveland Brothers Equipment Company, Inc.	\$12,000.00	Equipment rentals	Paid pursuant to stipulation (Doc. No. 130) between the parties which was approved on April 26, 2017 (Doc. No. 131)
RECO Equipment	\$26,322.58	Equipment	Paid pursuant to stipulation (Doc. No. 117)
Robert O Lampl, counsel for the Debtor	\$35,000.00 (estimated)	Counsel Fees	Paid pursuant to fee agreement and subject to Court approval.

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
Internal Revenue Service	4	\$163,097.83	9/30/13-12/31/16	Allowed Claim to be paid in full over 60 months

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
43 rd Street Concrete	5	\$2,372.73	15
A&H Equipment	5	\$10,545.17	15
Advanced Builders, Inc.	5	\$25,970.00	15
AIG	5	\$8,478.00	15
Beacon Supply Company	5	\$624.34	15
Belmont Aggregates	5	\$8091.96	15
Beth's Barricades	5	\$3094.00	15
Black Diamond Equipment Rentl	5	\$7190.00	15
Bobcat of Pittsburgh	5	\$73,856.42	15
CAT Financial	5	\$41,141.32	15
Cintas	5	\$33,509.75	15
Cleveland Brothers Equipment Finance	5	\$61,511.92	15
Coen Oil Company	5	\$6028.38	15
Colony Specialty Insurance Company	5	\$2,531.00	15
Coventry Health	5	\$2636.37	15

Culverts	5	\$11,209.68	15
Emory Rothenbuhler & Sons, Inc.	5	\$23,375.00	15
Enterprise	5	\$23,375.00	15
Equipment Connection	5	\$3,470.39	15
Farnham & Pfile	5	\$1,635.81	15
Fayette Parts	5	\$2,537.62	15
Golden Eagle	5	\$34,538.14	15
Groff Tractor	5	\$31,344.26	15
John D. Caruso, Inc.	5	\$52,822.50	15
Murphy Tractor	5	\$2,619.52	15
John Deere Credit	5	\$4,029.78	15
Laurel Aggregates	5	\$15,889.21	15
Lexus Financial	5	\$23,433.00	15
McCutcheon Enterprises	5	\$5,781.97	15
Model Uniforms	5	\$4704.27	15
National road	5	\$12,113.43	15
Neiswonger Construction	5	\$4799.27	15
Next Wave Enterprises, LLC	5	\$70,000	15
Pear Beta Funding	5	\$91,000	15

Penn Credit	5	\$864.70	15
Pierre Luti Advertising	5	\$450	15
RECO Equipment	5	\$314,328.60	15
Ryder Transportation	5	\$64,506.73	15
SITECH Allegheny	5	\$15,500	15
Swank Construction Co.	5	\$4,900.00	15
SWIF	5	\$16,173.00	15
Valley Tire	5	\$235.74	15
Yellowstone Capital	5	\$90,000.00	15
Capital One Bank	5	\$2053.75	15
Aetna Insurance	5	\$2636.37	15
Pennsylvania State Workers insurance fund	5	\$18,232.00	15

10. Treatment of General Unsecured Tax Claims

GENERAL UNSECURED TAX CLAIMS

Creditor	Class	Total Amount Owed	Percent of Dividend
Internal Revenue Service	5	\$36,140.59	15%
TOTAL		\$36,140.59	

11. Will periodic payments be made to unsecured creditors?

Yes X No _____ First payment to begin: September 1, 2017

If so:

Amount of each payment (aggregate to all unsecured claimants):\$8,509.15

Estimated date of first payment: September 1, 2017

Time period between payments: 3 months

Estimated date of last payment: June 1, 2022

Contingencies, if any:None

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements: Debtor will make payments out of the ongoing operations of the business.

Other significant features of the plan:None.

Include any other information necessary to explain this plan: None

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)	\$339,417.68
1. Less secured claims (See Section II A)	\$89,070.16
2. Less administrative claims (See Section IV-5-6 and include approximate Chapter 7 expenses)	\$53,406.58
3. Less other priority claims (See Section II B)	\$82,221.30
Total Amount Available for Distribution to Unsecured Creditors	\$114,719.70
Divided by total allowable unsecured claims of (See Section II C)	\$1,134,553.20
Percentage of Dividend to Unsecured Creditors:	10.11 %

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

Yes X No _____

Explain: The creditors will obtain a higher percentage on their claims under the Plan than through a liquidation. This is the case even without considering the Chapter 7 Trustees Estate.

VI. Feasibility

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

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

\$18,009.15

Show how this amount was calculated.

\$5,000	Administrative Class
\$1,000	Taxes
\$8,509.15	Unsecured Creditors
<u>\$3,500.00</u>	UST Fees
<u>\$ 18,009.15</u>	TOTAL

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

The Debtor's operations have stabilized and Debtor is anticipating an increase in business revenue.

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? No. Debtor is increasing its cash on hand and will make the payments of administrative payments in accordance with the various stipulations.

Cash on hand \$16,920.18 (Current). Attach current bank statement. **See Exhibit D (May Bank Statement)**

Cash on hand \$20,000.00 (Estimated amount available on date of confirmation)

If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
David Yurkovich, Jr.	\$500/week	\$500/week

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? It is possible that the Debtor may file several claim objections.

IX. Additional Information and Comments

None.

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. **See Exhibit E.**

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

/s/ David W. Yurkovich
Signature of Debtor
or Authorized Representative

June 22, 2017
Date

/s/ Robert O Lampl
Debtor's Counsel

June 22, 2017
Date

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

IN RE:

PATRIOT ONE, INC.,

Bankruptcy No. 16-23160-GLT

Debtor.

Chapter 11

Document No.

CERTIFICATE OF SERVICE

Robert O Lampl, John P. Lacher and David L. Fuchs, hereby certify, that on the 22nd day of June, 2017, a true and correct copy of the foregoing **DISCLOSURE STATEMENT** was served upon the following (*via electronic service*):

Office of the U.S. Trustee
Liberty Center, Suite 970
1001 Liberty Avenue
Pittsburgh, PA 15222

Date: June 22, 2017

/s/ Robert O Lampl
ROBERT O LAMPL
PA I.D. #19809
JOHN P. LACHER
PA I.D. #62297
DAVID L. FUCHS
PA I.D. #205694
Counsel for the Debtor
960 Penn Avenue, Suite 1200
Pittsburgh, PA 15222
(412) 392-0330 (phone)
(412) 392-0335 (facsimile)